



POSITIVE IMPACTS REPORT 2008

SJF Advisory Services and SJF Ventures help accelerate the success of entrepreneurial ventures whose rapid expansion is driven by environmental innovation and employee engagement, by providing business assistance and venture capital funding.



SJF OVERVIEW

We are pleased to present the 2008 SJF Positive Impacts Report. It has been an exciting year for SJF, with strong Board and staff additions, successful events and webinars, many companies assisted, strong investment activity at SJF Ventures, and positive environmental and social impacts at SJF Ventures portfolio companies. SJF's original and ongoing mission to make the connections between high growth enterprises driven by environmental or "Cleantech" innovation and the venture capital and community development industries is gaining broad general acceptance, as seen via the strong interest in the Cleantech sector by the investment world (investment in North America in cleantech has grown from \$1B to \$4B in the last four years), coupled with a growing interest in the creation of green collar jobs as a way to stimulate economic growth while creating good opportunities for underserved populations.

SJF continues to play a key role in catalyzing the development of the cleantech venture capital field, through its Cleantech CEO Panels (2005-2008 and ongoing), its assistance to hundreds of cleantech entrepreneurs each year, and its investment in leading cleantech companies such as groSolar, Intechra, Salvage Direct, and B.B. Hobbs. SJF has made good progress in the past year and we are well positioned for additional significant gains in the coming year. We welcome your feedback!

POSITIVE IMPACTS REPORT HIGHLIGHTS

Entrepreneurial Assistance

- In 2007, SJF identified 1,554 companies seeking equity financing. Of those, SJF provided entrepreneurial assistance to 221 companies.

Employment

- SJF Ventures' 18 current portfolio companies employ almost 3,000 people, with 1,230 new jobs created after SJF investment.
- Approximately 86 percent of these new jobs created employment for low- to moderate-income individuals.

Employee Engagement

SJF believes that companies that fully engage the ingenuity of employees at all levels frequently have superior financial performance. We support companies with great employee engagement strategies in 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 an event on April 25, 2007 titled Winning Workforces: A CEO Panel on Engaging all Employees to Achieve Success, at which we highlighted six companies that tie their success to practices such as open book management, broad-

METHODOLOGY

To measure the workforce, community, and environmental impacts of portfolio companies and to strengthen our ability to assist them, SJF conducted its seventh annual mission impacts survey in February 2008 with the 16 most active companies in SJF's portfolio at that time. The survey asked for 2007 data. The set of portfolio companies had changed from the previous year, with the addition of three new portfolio companies, MedPage, Rustic Crust, and Telkore.



ENTREPRENEURIAL ASSISTANCE

In 2007, SJF identified 1,554 companies seeking equity financing. Of these, SJF assisted 221 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 2007 is as follows:

- Level I – Providing several hours of assistance via business plan review and referrals: 136
- Level II – Providing more in-depth assistance over several weeks: 28
- Level III – Providing several months of in-depth assistance, site visits, and sometimes coaching for participation in SJF events: 57

based employee ownership, and employee involvement and advancement mechanisms.

- SJF held a Getting Ready for Equity™ workshop in advance of Bank of America's and the Initiative for a Competitive Inner City's Inner City Capital Connections event in Chicago in November 2007 to help inner city entrepreneurs better understand and prepare for equity investment.
- Ryla Teleservices – SJF Advisory Services helped to put in place a broad-based stock option plan at Ryla in 2004. SJF Ventures' partial exit from Ryla in June 2007 via investment by a larger private equity firm resulted in a gain in option value and also gave six employees the chance to cash out some options, receiving between \$700 and \$5,500, in some cases enough to potentially put a down payment on a home. SJF is also working to link the company with a local nonprofit providing individual development accounts (IDAs).
- B.B. Hobbs - SJF Advisory Services has been working with SJF Ventures' portfolio company B.B. Hobbs in Darlington, SC on developing a broad-based profit sharing plan.
- Counter to the current national trend of decreasing employer-paid health insurance coverage, two of the 15 current SJF portfolio companies surveyed offer 100 percent employer-paid health care, five offer 90 percent employer-paid, and four others

pay the majority of the cost of health care coverage.

- Currently, 14 of the current portfolio companies surveyed have dental insurance, 10 have vision insurance, seven offer broad-based stock options, and 11 offer 401(k) plans.

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.

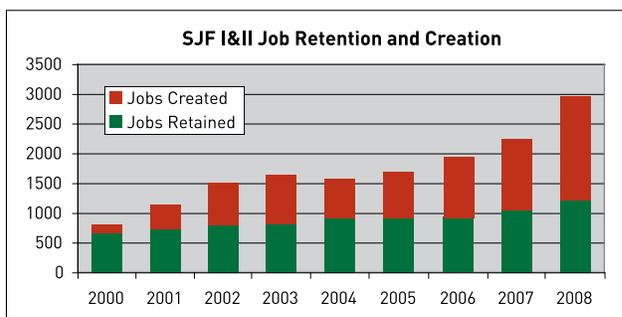
- SJF showcased nine innovative clean technology companies in our sold-out June 2007 third annual Cleantech CEO Panel in New York.
- In 2007, SJF portfolio companies recycled more than 12,675 tons of materials, led by Intechra's electronics recycling. In addition, Salvage Direct recovered 37,644 vehicles, and RealWinWin provided energy efficient consulting for more than 20 million square feet of commercial real estate. groSolar distributed and installed 5.4 megawatts of solar electric and solar thermal systems in 2007, and Ryla launched a set of company-wide environmental initiatives.
- Seven out of 13 of SJF's portfolio companies surveyed have company-wide energy savings efforts and recycling programs and the same number purchase recycled or refurbished products.

COMPANY LEVEL 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.

Employment

SJF portfolio companies employ almost 3,000 people with 1,230 new jobs created after SJF investment. In 2007¹, 61 percent were from minority groups and 58 percent were women, compared to 64 percent minorities and 73 percent women in 2006.



The number of jobs retained went up slightly from 1060 in 2006 to 1230 in 2007 with several new SJF investments. There was a significant increase in new jobs, with 552 jobs created in 2007. This was partly driven by significant job creation by Brightside Academy, Intechra, and Ryla.

Overall, the SJF investment dollars per new job created is \$5,088 (including only SJF dollars invested, not all equity dollars). This is more than seven times the number of jobs/dollar as SBICs, which average \$35,000 per new job created².

SJF has achieved substantial results in 2007 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 thirteen companies reporting both 2006 and 2007 data, 80 percent of their employees were entry-level in 2006. In 2007, that number increased to 86 percent.

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 2007, six of 15⁴ portfolio companies increased their average wage as compared to 2006; the rest stayed constant.

Benefits

In 2007 SJF portfolio companies maintained or increased benefits offered. Of the 15 portfolio companies responding, 100 percent provided some health care coverage, including two offering 100% employer-paid health insurance, and five more offering 70% to 90% employer-paid insurance. This is significant as SJF's portfolio companies have maintained their commitment to health care coverage, even in the face of spiraling health care costs. In contrast, the national average percentage of employment-based insurance fell to 59.7% in 2006 from 60.2 in 2005⁵. Following is a breakdown of coverage of the health care premium by portfolio companies.

Benefits Statistics	# of Portfolio Companies
100% Health Care Premium Coverage	2
70 to 90% Health Care Premium Coverage	5
50 to 69% Health Care Premium Coverage	4
Health Care Premium Coverage	4
No company-wide health coverage offered	0
Total	15

In addition to health insurance coverage, 14 of the SJF portfolio companies that responded offered dental insurance, reflecting an increase from 2006. 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 stock option plans, profit sharing, or retirement plans (401k) are currently offered at 11 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, half of the portfolio companies surveyed offer some



"Our company's most important social and environmental achievements are realized through the implementation of solar power, broadening of the solar industry, implementation of green building programs, education and cultural change toward the above. Events such as The Vermont Solution to Global Warming provide leadership on this issue ... In 2008, we will attempt to obtain legislation to move solar forward in Vermont and nationally through direct Vermont legislative work and through my [Jeff Wolfe's] work as Chair of the PV Division of Solar Energy Industries Association."

CLEANTECH INNOVATION

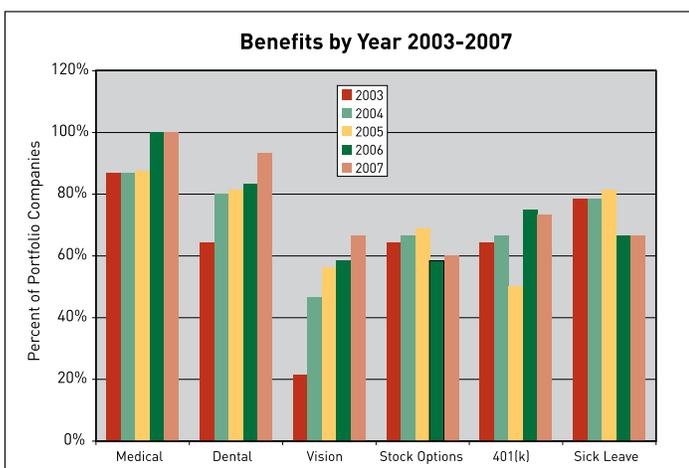
SJF is committed to financing, assisting, and showcasing innovative clean technology and environmental companies that are changing the way business is done in their sectors. In 2007, SJF portfolio companies recycled more than 12,675 tons of materials. Environmental impacts of portfolio companies in 2007 include:

- **Salvage Direct** recovered more than 37,644 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 175 tons of waste plastic in the manufacturing of their products.
- **Sun and Earth's** business is the manufacture of non-toxic and environmentally friendly cleaning products. In addition, the company recycles 95 percent of its boxes, paper and bottles.
- **Foxtire** emphasizes waste reduction and reduced energy loss through programmable thermostats.
- **groSolar** has a photovoltaic system installed on the roofs of their buildings, which also feature reduced energy lighting design. Additionally, groSolar provides employee discounts for photovoltaic systems and solar water heaters. The company distributed and installed 5.4 megawatts of solar electric and solar thermal systems in 2007.
- **Intechra** recycled 25 million pounds of electronic assets and a further 630,000 units were refurbished and resold.
- **Ryla** has instituted a new company-wide environmental strategy which includes working with InterfaceFLOR® to recycle its old carpet and install a new, high recycled-content tile carpet system. The company is also instituting an Earth Day employee education program, a Green Vendor Initiative, and assistance with carpooling, among other initiatives.

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. A specific example of wealth building occurred at Ryla Teleservices in 2007. SJF Advisory Services helped to put in place a broad-based stock option plan at Ryla in 2004. SJF Ventures' partial exit from Ryla in June 2007 via investment by a larger private equity firm resulted in a gain in option value and also gave six employees the chance to cash out some options, receiving between \$700 and \$5,500, in some cases enough to potentially put a down payment on a home. SJF is also working to link the company with a local nonprofit providing individual development accounts (IDAs).

In 2007, almost all of the reporting SJF portfolio companies (15 of 16) 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. Some companies offered in-house training only; of those spending money on training, \$23,127 was the average amount spent in 2007. There was also a positive correlation between companies who spend more on training and the number of entry-level employees in their workforce.



¹ Data are for the ten SJF I and SJF II companies reporting both 2006 and 2007 figures. Does not include Container Technologies, MedPage, Rustic Crust, and Telkore.

² Rubin, Julia Sass. "Community Development Venture Capital: A Double-Bottom Line Approach to Poverty Alleviation," US Federal Reserve. Washington DC: May 27, 2001. (http://www.community-wealth.org/_pdfs/articles-publications/cdfs/paper-rubin.pdf)

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 Numbers are for the 15 portfolio companies that responded. Does not include Container Technologies and SelecTech.

⁵ 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: 2006, U.S. Government Printing Office, Washington, DC, 2007. (<http://www.census.gov/prod/2007pubs/p60-233.pdf>)

INDUSTRY BUILDING EFFORTS

Getting Ready for Equity™ Workshops

In 2007, SJF Advisory Services conducted a Getting Ready for Equity™ workshop in advance of the Inner City Capital Connections event held in Chicago in November. The training educated the companies about the process of raising capital and prepared them for their presentations to investors at the



From left, Manjari Raman, David Latimore, and Juan Garcia

ICCC event itself. In addition to the SJF team, the training session involved a number of other presenters and coaches (other investors, business assistance professionals, entrepreneurs, Bank of America, and ICIC personnel). The ICCC, a joint Bank of America/Institute

for a Competitive Inner City effort, seeks to connect inner city companies with expansion stage investors (e.g., SJF Ventures) and later stage private equity and buyout funds with a particular interest in diverse industries and minority owned companies. SJF conducted Getting Ready For Equity™ workshops in New York and Miami in 2006 and has several planned for 2008.



From left, Bonny Moellenbrock and Lucy Holifield

FROM PARTICIPANTS:

"I now know what to do in building relationships, interest, and managing the process."

"Wonderful, eye-opening and thought-provoking."

Cleantech CEO Panels

SJF Ventures held its third annual Cleantech Companies in Mainstream Markets: CEO Panels on Innovative Strategies on



Nicholas Parker

June 13, 2007, 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 while transforming mainstream markets. Nicholas Parker, Chairman of the Cleantech Group, provided an excellent keynote presentation which effectively set the stage for the CEO panelists. The event drew 200 people, including investors and other financiers, business executives and entrepreneurs, and economic developers. The event was well received and SJF held a fourth Cleantech CEO Panel on June 11, 2008.



From left, Mark Leininger, David Kirkpatrick, and Thomas Blum

2007 Presenting Companies:

Helios Coatings Inc., NuRide, SPUD, Native Energy, ConsumerPowerline, MIOX, groSolar, Intechra, and BioDiesel Solutions.

FROM PARTICIPANTS:

"Great mix of companies. Very well done."

"Great event. I'm definitely going to attend future events."

"Great keynote. Sang my song."

SJF VENTURES II

SJF completed the capitalization of SJF Ventures II at the end of the first quarter of 2007 at \$28 MM and has invested in seven companies to date. SJF Ventures II is a venture capital fund that focuses on the cleantech, technology-enhanced services, and premium consumer products sectors. SJF looks for experienced management teams that are driving exceptional growth and positively impacting the world. The fund provides equity financing from \$1 million to \$5 million, solo or in syndicates, to companies that are seeking expansion capital. Representative investment areas include renewable energy and efficiency, organic and healthy consumer products, digital media and marketing services, electronics recycling, agriculture and sustainable food processing, and outsourced business services.

Winning Workforces CEO Panel

On April 27, 2007 in Atlanta SJF held an event in conjunction with Chicago-based Winning Workplaces titled Winning Workforces: A CEO Panel on Engaging all Employees to Achieve Success. The event highlighted six companies that tie their success to practices such as open book management, broad-based employee ownership, and employee involvement and advancement mechanisms. Presenting companies included SJF portfolio companies Ryla Teleservices and Telkore, along with Dancing Deer Baking Co., St. Louis Staffing, C.D. Moody Construction, and Pinnacle Services.

FROM PARTICIPANTS:

"Inspiring, practical – just terrific."

"Great job. These are wonderful stories of doing well by doing good. Far better than similar meetings I've been to because the speakers were so specific about their practices."

Regarding the networking lunch: "Got some real good thought info from David Kirkpatrick on ways to leverage growth through possible joint ventures with companies that have the same customer base as mine."



Employees at Dancing Deer Baking Co.



Top photo: Mark Leininger

Bottom photo: Jay Leno's Corvette with Helios wheels

Entrepreneurial Assistance Example

HELIOS COATINGS



Helios Coatings Inc.

Helios Coatings Inc., located in Canton, OH, provides an environmentally friendly metalized coating system primarily for coating automotive wheels and trim. The Helios technology was developed to be a durable replacement to the toxic hexavalent chrome plating process, which has been significantly regulated or eliminated from use by the European Union and United States EPA. Currently Chrysler, Ford and General Motors have either eliminated or stated it as their goal to eliminate hexavalent chromed parts from their products. The Helios coating system does not release toxins in the atmosphere nor endanger those who process the wheels, while meeting or exceeding the durability standards of the major automobile manufacturers. The company's operations are located in a formerly abandoned publishing plant and have added jobs to the ailing Northeast Ohio economy. The company currently employs 50 people. SJF Ventures Managing Director David Griest and Helios Coatings CEO Mark Leininger first met in 2005. Since then, they stayed in contact including David twice visiting the Helios facility and discussing financing plans. In 2007 Helios Coatings accepted an invitation to present at SJF's Cleantech CEO Panel in New York, where Mark met investors that ended up investing more than \$1MM in the company.

"Since presenting at last year's CEO Panel, SJF Ventures has been a valuable resource for Helios Coatings as we looked to raise additional capital to ensure growth for our company," said Mark Leininger, CEO, Helios Coatings Inc., Canton, OH. "The connections we made at this and other events organized by SJF led directly to our completing a capital raise of over \$4.2 million, at a time when raising capital in the cleantech sector has become increasingly more competitive."

www.helioscoatingsinc.com

SJF ADVISORY SERVICES

Entrepreneurial Assistance

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

- Providing Getting Ready for Equity™ workshops in 2006 and 2007 in NYC, Miami, and Chicago to prepare entrepreneurs for the Inner City Capital Connections event sponsored by Institute for a Competitive Inner City and Bank of America

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 on Wall Street
- Winning Workforce CEO Panel describing the workforce strategies that increase their competitiveness while creating great places to work, held in Atlanta in April 2007

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"

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
HSBC
Mary Reynolds Babcock Foundation

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