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Annual Report

MICROLUMBIA IMPACT FUND



Photo Credit:
Mwangi Kiruba



MICROLUMBIA
IMPACT FUND

Microlumbia Overview

MISSION STATEMENT

OUR MISSION & VISION

Microlumbia is the student-run impact investment fund at Columbia Business School (CBS), focused on Financial Inclusion. The fund was founded in 2007 as a 501(c)(3) non-profit organization.

The Microlumbia mission is to educate future impact investing leaders by investing in and working with social enterprises globally. With over \$125,000 in assets under management, we aim to have an impact both on students and our partner organizations. In the last 2 years, the team has made some changes and launched a number of exciting new initiatives to expand and improve Microlumbia's activities.

We are excited for what lies ahead for Microlumbia, particularly as impact investing is gaining more attention and investment dollars around the world.

We would like to express our deep gratitude to our investee and consulting-project partners, who continue to inspire us and teach us so much! We would like to also extend heartfelt thanks to our management team, who keeps the organization running from year to year, and to our board members, who have been helpful and generous with their time, experience and contributions to Microlumbia over the years. We simply couldn't keep this fantastic organization going without all of you!

"Microfinance recognizes that poor people are remarkable reservoirs of energy and knowledge. And while the lack of financial services is a sign of poverty, today it is also understood as an untapped opportunity to create markets, bring people in from the margins and give them the tools with which to help themselves."

-KOFI ANNAN

Microlumbia Overview

HIGHLIGHTS AND MAIN CHANGES FOR 2019-2020

1

BUILDING OUT AN EXTERNAL RELATIONS TEAM IN ORDER TO STRENGTHEN MICROLUMBIA'S VALUABLE PARTNERSHIPS

The External Relations team has been focused on initiatives with partners such as Envest, the Catalyst Fund and Impact Capital Partners.

2

NEW INVESTMENT REGION - MIDDLE EAST & NORTH AFRICA TEAM

The MENA team has been building pipeline and relationships in the region.

3

INITIATING THE FIRST MICROLUMBIA SUMMER FELLOWSHIP, IN PARTNERSHIP WITH THE CATALYST FUND AND WITH THE SUPPORT OF THE TAMER CENTER FOR SOCIAL ENTERPRISE AT COLUMBIA BUSINESS SCHOOL

The new Impact Fellowship was launched in the spring of 2019 and allows students to take on full-time summer internships with Catalyst Fund portfolio companies with funding support from the Tamer Center.

4

NEW CASH MANAGEMENT INITIATIVE

In an effort to earn interest on our cash and support social impact in the US, the Finance team researched various vehicles we could invest in and selected CNote and Streetshares. We have invested \$5,000 with each in products earning 2.75% and 5.00%, respectively.

5

REVAMPED INVESTMENT PROCESS

The management team and the board implemented changes to the investment process to further streamline and standardize it.

6

MICROLUMBIA REBRANDING

We have fully revamped our logo and website (microlumbia.org) to modernize our brand.



MICROLUMBIA
IMPACT FUND

Investments

SUMMARY

CURRENT INVESTMENTS

ORGANIZATION	BUSINESS MODEL	COUNTRY	INVESTMENT DATE	INVESTMENT AMOUNT	CO-INVESTOR	NOTES
 asaak	SME lending	Uganda	April 2019	\$25,000	N/A	<i>Renewed loan after discussion w/ team and board</i>
 SALYM FINANCE	Microfinance	Kyrgyzstan	March 2019	\$25,000	Envest	
 TULAA	Agricultural input lending	Kenya	June 2019	\$12,500	N/A	

PAST INVESTMENTS, SINCE 2016-2017 SCHOOL YEAR:

ORGANIZATION	BUSINESS MODEL	COUNTRY	INVESTMENT DATE	INVESTMENT AMOUNT	CO-INVESTOR
Quest Financial Services	Microfinance	Zimbabwe	October 2016	\$25,000	Envest
 asaak	SME lending	Uganda	March 2018	\$25,000	N/A

Microlumbia's historical core competency lies in diligencing microfinance institutions that provide capital to individuals primarily in the form of small loans for businesses or consumption. Through a co-investment with Envest in Salym Finance, a MFI located in Kyrgyzstan, the Microlumbia team was able to diligence and deploy an investment in this traditional area of focus.

In 2015, Microlumbia **broadened its mission** to include all businesses focused on **financial inclusion in underserved communities** around the world. This expanded the investment pipeline to include SME lenders and other innovative business models that provide financial services to customers at the economic base of the pyramid. As a result, Microlumbia now has active investments in Asaak, an SME lender in Uganda as well as Tulaa, an agriculture input lender in Kenya.

We want to **thank Envest** for our ongoing valuable partnership!

Investments

SOURCING AND DILIGENCING

In 2018, Microlumbia made the strategic decision to **divide the Investments team into regional sub-groups** with the goal of establishing stronger and lasting sourcing networks around the world. The original regional teams included **Africa, Asia, Latin America, and North America & Europe**, and in 2019 we added a **Middle East & North Africa** team. These groups are working to research and build long-term external partnerships with regional accelerators and impact investing funds in order to facilitate the sourcing of investment and consulting opportunities for Microlumbia.

The broader Investments team has also worked to strengthen and maintain relationships with strategic sourcing partners within the CBS community. This has included a renewed focus on sourcing through Pangea Advisors, CBS's pro bono international consulting organization, as well as through the Tamer Fund for Social Ventures and the Microlumbia Board of Directors.



Financials

FINANCIAL OVERVIEW

During the 2019 Fiscal Year (February-January), Microlumbia renewed our investment in Asaak and disbursed two new loans to Tulaa and Salym. Microlumbia also launched a pilot investment in domestic, low-return high-impact funds CNote and StreetShares, contributing \$5,000 to each fund. (For more information on the new Cash Management initiative, please refer to Additional Projects part b.)

Microlumbia Assets increased from \$116.3K to \$127.3K due to donations and interest received from outstanding loans and the new domestic investments in CNote and StreetShares. Net Income for the year was \$10,922, slightly lower than Net Income for 2018 of \$11,610, primarily due to our website update and lower donations received.

Net Cash Flow was an outflow of \$36,640 from new investments in Tulaa, Salym, CNote and StreetShares.

Microlumbia Inc Balance Sheet As of February 1, 2020

	Total	
	As of Feb 1, 2020	As of Jan 31, 2019 (PP)
ASSETS		
Current Assets		
Bank Accounts		
PayPal Account	16,720.87	22,242.01
TD Bank Checking	37,983.97	69,103.81
Total Bank Accounts	\$ 54,704.84	\$ 91,345.82
Accounts Receivable		
Interest Receivable	313.00	
Total Accounts Receivable	\$ 313.00	\$ 0.00
Other Current Assets		
Loans to Others	0.00	0.00
Asaak Loan	25,000.00	25,000.00
Invest - Salym	24,750.00	
Tulaa Loan	12,500.00	
Total Loans to Others	\$ 62,250.00	\$ 25,000.00
Total Other Current Assets	\$ 62,250.00	\$ 25,000.00
Total Current Assets	\$ 117,267.84	\$ 116,345.82
Other Assets		
CNote Investment	5,000.00	
StreetShares Investment	5,000.00	
Total Other Assets	\$ 10,000.00	\$ 0.00
TOTAL ASSETS	\$ 127,267.84	\$ 116,345.82
LIABILITIES AND EQUITY		
Liabilities		
Total Liabilities		
Equity		
Opening Balance Equity (4)	0.00	0.00
Unrestricted Net Assets	127,267.84	116,345.82
Net Income		
Total Equity	\$ 127,267.84	\$ 116,345.82
TOTAL LIABILITIES AND EQUITY	\$ 127,267.84	\$ 116,345.82

Financials

FINANCIAL OVERVIEW, CONTINUED

Microlumbia Inc Profit and Loss February 1, 2019 - February 1, 2020

	Total	
	Feb 1, 2019 - Feb 1, 2020	Feb 1, 2018 - Feb 1, 2019 (PY)
Income		
Donations	8,649.59	10,187.53
Interest Revenue		
Interest Income	5,396.33	4,371.25
Total Interest Revenue	\$ 5,396.33	\$ 4,371.25
Investments		
Interest-Savings, Short-term CD	22.66	27.92
Other Investment Revenue		
Total Investments	\$ 22.66	\$ 27.92
Total Income	\$ 14,068.58	\$ 14,586.70
Gross Profit	\$ 14,068.58	\$ 14,586.70
Expenses		
Accounting Fees	58.00	
Business Expenses		
Bank Fee	156.90	80.00
Business Registration Fees		62.41
Paypal Service Charge	144.00	214.47
Total Business Expenses	\$ 300.90	\$ 356.88
Contract Services		
Accounting Fees	1,750.00	1,750.00
Total Contract Services	\$ 1,750.00	\$ 1,750.00
Marketing	65.00	
Internet domain expense	561.88	345.88
Total Marketing	\$ 626.88	\$ 345.88
Office/General Administrative Expenses	410.78	523.56
Total Expenses	\$ 3,146.56	\$ 2,976.32
Net Operating Income	\$ 10,922.02	\$ 11,610.38
Net Income	\$ 10,922.02	\$ 11,610.38

Microlumbia Inc Statement of Cash Flows February 2019 - January 2020

	Total
OPERATING ACTIVITIES	
Net Income	10,922.02
Adjustments to reconcile Net Income to Net Cash provided by operations:	
Interest Receivable	(313.00)
Loans to Others:Envest - Salym	(24,750.00)
Loans to Others:Tulaa Loan	(12,500.00)
Total Adjustments to reconcile Net Income to Net Cash provided by operations:	\$ (37,563.00)
Net cash provided by operating activities	\$ (26,640.98)
INVESTING ACTIVITIES	
CNote Investment	(5,000.00)
StreetShares Investment	(5,000.00)
Net cash provided by investing activities	\$ (10,000.00)
Net cash increase for period	\$ (36,640.98)
Cash at beginning of period	91,345.82
Cash at end of period	\$ 54,704.84

Impact Reporting

INTRODUCTION & OUR IMPACT

INTRODUCTION TO THE IMPACT ROLE

The impact measurement team has two main goals. First, we seek to **measure the educational impact** that Microlumbia has on its members and the CBS community. Second, we aim to measure the **impact of our investments** on the companies we've invested in and the stakeholders they serve. The team is currently in the process of developing the methodology and standards to do this, as it is crucial to our ability to evaluate progress toward our mission and improve our operations.

OUR IMPACT ON OUR MEMBERS

We sent out two surveys, at the beginning and the end of year, to evaluate the goals of current Microlumbia management team members and our progress against our goals. Response rate for each survey was 81%. Key findings included:

- 65.5% are new to Microlumbia
- Top motivations for joining: “To get investment diligence experience” & “General curiosity about impact investing.”
- 2nd-years' most common requests: More social opportunities among members & more external networking opportunities
- While one of the top motivations for joining was to get investment due diligence experience, only 40% of members were involved in due diligence processes
- 50% plan to pursue a career in the impact space, and 37% said they were more likely to pursue a career in impact investing

KEY METRICS

METRIC	2017-18	2018-19	2019-20
# of members	25	36	39
# of loans per year	1	3	2
# of consulting projects per year	0	1	0*
# of students participating in diligence	NA	15	18
# of alumni in impact careers **	NA	3	TBD

* Postponed due to Covid-19

** Reference to graduating second years entering impact careers

OUR IMPACT ON THE CBS COMMUNITY

Microlumbia hosts on-campus educational events and panels with key leaders and companies in the impact investing space so that students from the **broader CBS community can learn about the impact investing ecosystem**. While we did not track metrics on these figures in the past, in the coming years we intend to collect data primarily on the number of educational events held per year and the number of students in attendance at each event. Over the past two years, Microlumbia hosted 8 educational events, and 2 were postponed to next fall, due to Covid-19.

Impact Reporting

OUR IMPACT, CONTINUED

OUR IMPACT THROUGH OUR INVESTMENTS

ASAAK

Our current investment with Asaak is our second investment we have made with the company. They recently pivoted to providing “boda boda” (motorcycle) financing instead of traditional loans. We are still in the process of collecting standardized impact metrics from them, but have collected qualitative impact stories on their pivot via their newsletter:

Borrower: Tusiime

Business Type: Boda

Time in Business: 3 years

Business Location: Kawempe



“Using this motorcycle, Tusiime has been able to clear all the debts he had accumulated worth 300,000 Uganda shillings (\$82). His daily income has increased and he is now able to at least buy bread for his family and buy ice cream for his children every day. Formerly, he used to earn about 40,000 Uganda shillings (\$11) daily but with the new bike he is able to earn 50,000–70,000 (\$14–19) per day”

Impact Reporting

OUR IMPACT, CONTINUED

SALYM FINANCE

Salym is a microfinance bank whose mission is to provide affordable microfinance services to the people of Kyrgyzstan, with the ultimate aim of eradicating poverty, increasing employment, and promoting entrepreneurship and social mobilization.

In Q4 2019 Salym had reached 14,846 borrowers, of whom 57% were female and 76% were from rural areas.

Borrower Demographics	2019
Number of borrowers	14,846
% Rural	76%
% Women	57%
Sector Breakdown	
Agriculture	18%
Trade / Commerce	12%
Manufacturing	1%
Services	7%
Housing loans	42%
Consumer loans	20%

TULAA

Tulaa aims to connect farmers to marketplaces across Africa through mobile technology by creating an end-to-end platform for input financing and commodity marketing. We identified IRIS metrics for this investment and are currently working with Tulaa to get data on their results.

Moving forward, we aim to create a standardized impact reporting template both for Microlumbia internally, to track key metrics around our educational component, as well as a consolidated impact metrics tracker for our investees. This tracker will be used to inform our stakeholders and investment committee about the impact our portfolio companies are having.

Education

EXTERNAL RELATIONS TEAM

THE EXTERNAL RELATIONS TEAM: AN INTRODUCTION

The External Relations team was started in 2018-2019 to connect resources and people in an effort of promoting Microlumbia's mission, and to provide training opportunities for the Microlumbia Team. This involves periodic information exchanges with impact investing groups at other top-tier business schools and social entrepreneurship groups at schools such as Columbia University SIPA's Ci3.

KEY INITIATIVE

The External Relations team has continued building its relationship with Envest and has been advising them on a potential investment into the Indian microfinance sector. The team's background and network in the region as well as local impact investing experience has been helpful to Envest in understanding the regulations governing foreign originating investments.



Education

EVENTS

Microlumbia would like to extend a sincere thank you to previous and future members of our community who have come to Columbia Business School to share their professional experiences and promote Microlumbia's ongoing education initiative. We look forward to welcoming additional guest speakers in our upcoming events.

2018-2019 EVENTS:

- Nadeem Hussain (Planet N)
- Sarah Millar (City Light Capital)
- Giselle Leung (Global Impact Investing Network)
- Nancy Widjaja (United Nations Development Program)
- Sarah Freeman (Bridges Ventures)
- Shuaib Siddiqui (Surdna Foundation)

2019-2020 EVENTS:

- Many Paths to Impact Investing Panel
Jesse Simmons (Align Impact), Juliet Zawedde (KKR),
Danielle Provo (Bridges Fund Management)
- Behavioral Economics Panel with Impact Capital Forum
Manasee Desai (ideas42), Dan Egan (Betterment),
Howard Levy (Red Rooster Group)
- Asad Mahmood (SIMA Funds)*
- Social Impact Real Estate Panel with CBS Real Estate
Association*

* Postponed to Fall 2020 due to Covid-19



Additional Projects

CONSULTING PROJECT



In 2018, Microlumbia sourced a consulting project with a portfolio company of Accion Venture Lab, a seed-stage impact fund focused on fintech startups that improve access, quality, and affordability of financial services for the underserved at scale. The company is called Lulalend, and it is an SME lender based in Cape Town, South Africa.

The Microlumbia consulting team worked with Lulalend's management to assist in commercializing its technology to create a Lending-as-a-Service software solution. Throughout the project, the team spoke with CBS alumni and other professional contacts at Lending-As-A-Service companies, including ODX, Kabbage, and Destacame, to learn about industry norms, partnership structures, and pricing. In January 2019, the team had the opportunity to travel on-site and collaborate with Lulalend's management in Cape Town. It was a valuable learning experience to work with entrepreneurs at a high-performing fintech company, and since the conclusion of the project Lulalend has successfully entered into commercial partnerships that the Microlumbia team's work helped to frame.

Additional Projects

CASH MANAGEMENT PROJECT

BACKGROUND

In summer of 2019, Microlumbia placed a total of \$10,000 into low-risk, low-return investment vehicles that would both exceed inflation and align with our investment guidelines. The two approved investments were CNote and StreetShares.

The goal of this effort was to:

- Ensure the longevity of Microlumbia for underserved markets and the students of Columbia Business School;
- Increase our impact by deploying passive capital in impactful investments; and
- Further our mission of educating impact investing leaders by exploring new types of impact investment asset classes.

The number of active investments for Microlumbia has varied greatly over the years, leaving much of our cash balance in low-interest accounts with an annual interest rate of 0.05%.

UPDATE FOR 2020

Figure 1 contains a summary of performance of our current investments in CNote and StreetShares. Overall, the total interest to date (\$280) will ultimately help offset recurring administrative costs even with a relatively modest investment of \$10,000. We believe our recent investments in StreetShares and CNote help address our concerns above. Given the current investment pipeline, the Finance team plans to propose further investment in CNote in April 2020.

Figure 1. Summary of Updates

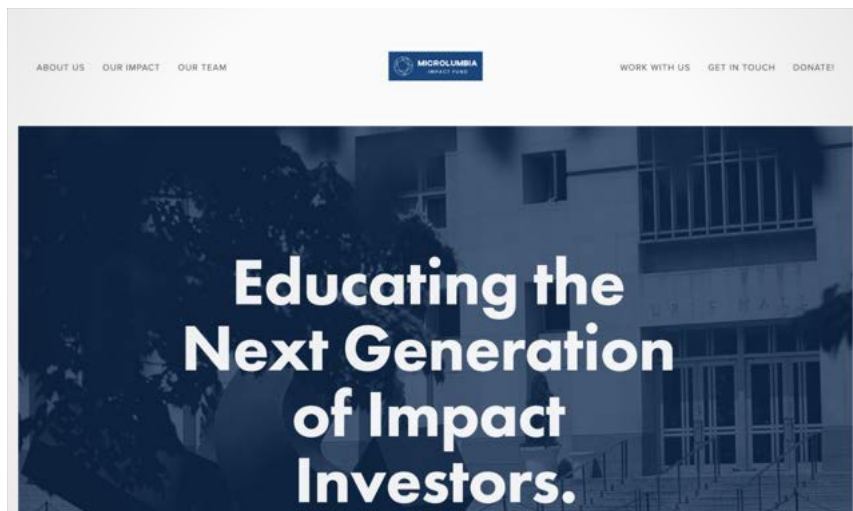
	Interest Rate	Liquidity	Investment Size	Interest Earned	Current Investment
<i>CNote</i>	2.75%	Quarterly (1/1, 4/1, 7/1, 10/1)	\$5,000	\$89	<ul style="list-style-type: none"> • CDFI Fund • Helps create jobs and bring economic opportunity to underserved communities • 30 days advance notice required to withdraw • Small balance should allow us to contact CNote and withdraw without penalty
<i>StreetShares</i>	5.00%	Annual (23 May to 6 June)	\$5,000	\$191	<ul style="list-style-type: none"> • Invests in veteran-owned business, many of which are contracted by the US government • 1% fee on invested amount for early withdrawal

Additional Projects

FELLOWSHIP & REBRANDING

MICROLUMBIA FELLOWSHIP

The Microlumbing Impact Fellowship (MIF) was launched in 2019. The fellowship is for CBS students interested in impact investing or working at early-stage financial technology companies that are solving problems for underserved customers in emerging markets. In collaboration with the Tamer Center's Social Enterprise Summer Fellowship, the MIF provides CBS students the opportunity to intern at the Catalyst Fund's portfolio companies. Last year's edition culminated in an intern being offered an accepting a full-time position at one of the portfolio companies, Chipper Cash, a fintech startup offering peer-to-peer cross-border payments in Africa that has offices in San Francisco, Ghana and Nairobi.



MICROLUMBIA REBRANDING

Microlumbia has made recent efforts to modernize our marketing materials through revamps of our logo, email signature, and website. Using an iterative process involving previous management teams, our current management team, and our Board of Directors, we have accomplished a **full rebranding to elevate the Microlumbia brand to further appeal to potential donors, Columbia Business School community members, and potential portfolio companies seeking capital.** We are excited to present our new refined and sophisticated look in this Annual Report.

Management

BOARD OF DIRECTORS & MANAGEMENT TEAM

BOARD OF DIRECTORS

KATIE LEONBERGER (CHAIR)

COURTNEY THOMPSON

DAVID DEL SER

JESUS SALAS

JOHN PLAISTED

JON SAGAL

KATE WHITELAW

MICHAEL RAUENHORST

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2019-2020 MANAGEMENT TEAM

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CHRISTIE HEIDELBERG (CHIEF FINANCIAL OFFICER)

ROYD LIM (CHIEF FINANCIAL OFFICER)

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JOHN CHERIYAN (VP EXTERNAL RELATIONS)

MIRIAM WISHNICK (VP IMPACT MEASUREMENT)

LEAH ZULKOSKI (VP MARKETING AND EVENTS)

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MAY WANG (VP INVESTMENTS ASIA)

MEI SHEN (VP INVESTMENTS ASIA)

MATT GUEVARA (VP INVESTMENTS LATAM)

OYKU AHIPASAOGLU (VP INVESTMENTS LATAM)

RAJA ZGHAIB (VP INVESTMENTS MENA)

ALESSANDRA CESTARO (VP INVESTMENTS N. AM & EUR)

ABHIJEET KHANNA (AVP OPERATIONS)

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SALONI PALIWAL (AVP EXTERNAL RELATIONS)

CAITLIN ALLI (AVP EXTERNAL RELATIONS)

ISHAN MAJUMDAR (AVP FINANCE)

MICHAEL LEE (AVP FINANCE)

CINDY HORNG (AVP FINANCE)

HIROTO NAKAMURA (AVP IMPACT MEASUREMENT)

LIZZIE MERRILL (AVP IMPACT MEASUREMENT)

CHANCE CRAIG (AVP INVESTMENTS AFRICA)

KELLIE RAGG (AVP INVESTMENTS AFRICA)

RYAN FAUBER (AVP INVESTMENTS AFRICA)

JESS MEYER (AVP INVESTMENTS ASIA)

TAE KIM (AVP INVESTMENTS ASIA)

FABIAN CRUDELE (AVP INVESTMENTS LATAM)

WINEETA PAUL (AVP INVESTMENTS LATAM)

ANAS ABU HAWILI (AVP INVESTMENTS MENA)

JOE ABI SAAB (AVP INVESTMENTS MENA)

ALEX CHEUNG (AVP INVESTMENTS N. AM & EUR)

EDDIE CHEUNG (AVP INVESTMENTS N. AM & EUR)

GEORGE SMITH (AVP INVESTMENTS N. AM & EUR)



THANK YOU FOR YOUR SUPPORT

AND THANK YOU TO MICROLUMBIA 2019 DONORS

Microlumbia is incorporated as a 501(c) 3 non-profit organization

We rely greatly on donor support

We receive donations at <http://www.microlumbia.org>

For additional information, please contact us at:

MICROLUMBIA c/o Sandra Navalli

Social Enterprise Program, Columbia Business School

Uris Hall Room 203, 3022 Broadway

New York, NY 10027

info@microlumbia.org

<http://microlumbia.org>

Design: Leah Zulkoski, CBS 20



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