

sparkventures

INVESTOR REPORT SUMMER 2014



LEARNING AS WE SCALE

A NOTE FROM RICH JOHNSON, SPARK VENTURES CEO & CO-FOUNDER

high-impact
programs reaching
500 children



CACAO + HONEY
primary crops for
Nicaraguan farm



50 local leaders
with secure employment



When we launched Spark Ventures roughly seven years ago, I believed that the model we were creating would be beneficial to grassroots organizations in emerging markets around the globe. We have learned a lot by piloting our model of business driven philanthropy via a poultry farm in Zambia. That farm has proven the value proposition of our innovative approach, and is currently raising and selling over 75,000 chickens each year which allows \$20,000 in annual profits to be reinvested in nutrition, healthcare and education programs for Zambia's most vulnerable children.

We chose to expand our work specifically to Latin America in 2012 with two goals in mind: 1) executing the model successfully in a new culture and geography would help prove broad application of the strategy and 2) accessibility for U.S. based investors to visit and engage more easily would translate to growth in financial support. We have applied many lessons learned from our private sector investment in the food security space in Zambia in order to expedite our business planning process for an agribusiness in the emerging market of Nicaragua. In this issue, you can learn more about our collaboration with various partners to extend Spark's business driven philanthropy model. Thank you for being a part of this important endeavor.



BRIGHT SMILES ARE INTERNATIONAL

BEST PRACTICE SHARING FROM NICARAGUA TO ZAMBIA

By expanding Spark's reach to Nicaragua in 2012, we have had the opportunity to incorporate lessons learned in Zambia into the Nicaraguan business planning work. But, we have also learned lessons from our newer social program partner, that we can replicate to improve existing programming in Zambia. A new dental hygiene program at Hope Community School is just one example of this best practice sharing:

When Mario finishes his nutritious lunch, served each day at Las Tías, he first washes his plate & cup and returns it to Tía Violeta who runs the Las Tías the kitchen. He then heads over to find his toothbrush (numbered accordingly) among all those of his classmates, gets a squirt of toothpaste from one of the Las Tías educators, and heads over to the sink where he and his friends take up their regular post-lunch routine of brushing their teeth. This is a well established routine via which, the Las Tías team instills basic dental hygiene practices among their students.

For the past few years in Zambia, the biannual clinics supported by Spark Ventures have identified dental care as a critical weakness. The children in Zambia have long been taught basic hygiene practices during the clinics and provided toothbrushes to use at home. But beginning in late 2013, these lessons are now reenforced daily with a robust toothbrushing program. Modeled directly off of our partner Las Tías' methods, the children in Zambia now also each have their own assigned toothbrushes and brush their teeth each day after their nutritious lunch under the supervision of their classroom teachers.

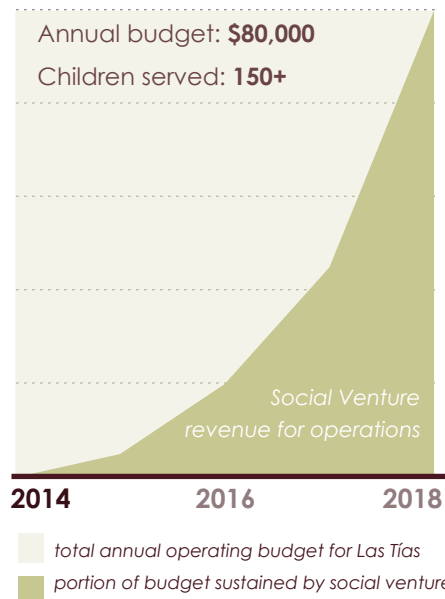
With the ability to directly supervise the dental hygiene practices of the students, educators at both Las Tías and Hope Community School have a clear impact on not only the smiles of the children they serve, but also on their long-term health, as proper preventative oral hygiene can contribute to improved overall health outcomes into adulthood.

**EDUCATORS NOW HAVE A CLEAR
IMPACT ON NOT ONLY THE SMILES
OF THE CHILDREN THEY SERVE, BUT
ALSO ON THEIR LONG-TERM HEALTH**



FROM CHICKENS TO CACAO BEANS & HONEY BEES

AGRIBUSINESSES LESSONS FROM ZAMBIA TO NICARAGUA



The significant market research that has gone into the business planning process for our upcoming agribusiness in Nicaragua has tapped into the external expertise, including a team of business professionals from UCLA's Anderson School of Management, as well as regional and industry-specific experts in agriculture. However, the Spark Ventures team also brings significant knowledge of the food security sector and specific lessons learned from launching and scaling the poultry farm in Zambia, another emerging market with parallels to the business environment we find in Nicaragua.

A primary lesson learned from Zambia is the importance of having distributors and partners secured from the outset of the business's inception. In Zambia, we worked on our own for over a year, selling chickens in an open market before teaming up with Zambeef, one of the largest suppliers of poultry in the country. In Nicaragua, we have already developed key relationships with cacao bean and honey distributors, even before finalizing our land purchase.



The agribusiness will be based in fertile
MATAGALPA, NICARAGUA



CACAO BEANS may anchor the
crop mix at the Nicaraguan agribusiness



The inspirations behind the agribusiness are
150 CHILDREN served by Las Tías

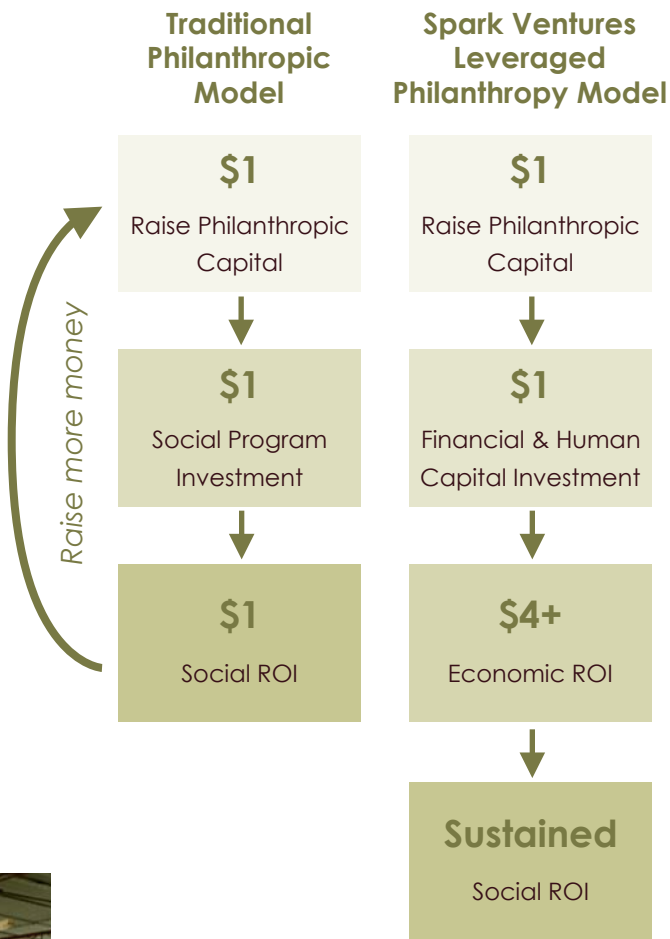


HONEYBEE APIARIES will
diversify the farm's revenue streams

PROVING THE MODEL IN ZAMBIA AND BEYOND...

With a track record of success in Zambia, we believe Spark Ventures' unique approach of business driven philanthropy has the potential to transform the way people approach philanthropic giving. This innovative model is unique in its ability to leverage charitable contributions to fund smart, private sector investments in emerging market social enterprises. With the returns from these investments funneled into local endowments managed by local, non-governmental organization (NGO) partners, Spark Ventures is able to ensure the provision of high impact programming in education, health and nutrition.

Unlike traditional philanthropy that relies on donations year after year, this new model ensures that each dollar invested results in exponential returns that are reinvested locally to continuously fund critical social programs for years after the initial contribution. By tying long-term social and economic returns to charitable giving, Spark Ventures radically alters the way individuals and institutions think about their philanthropic capital.



The poultry farm in Zambia supports **15%** of an annual budget of high-impact community programming for **350** children

"This is not about writing a check. It's about joining an innovative organization and other investors to see your philanthropic capital leveraged for lasting impact around the world."

- Colleen Mitchell
VENTURE3Philanthropy LLC
Spark Ventures Advisor



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