



Annual Report

Crossing the Line 2010

A Letter from the CEO Terry Simonette

Millions of people in the United States are below the line: below the line with respect to annual income, average years of school completed, health and basic well being. Or below the line with respect to having adequate services, or not.

Our mission is to support people and communities to reach their highest potential at every stage of life – to essentially “cross the line”. And that’s the theme of our annual report, Crossing the line.

Let me highlight for you, the work we’ve done over the past year with you our investors, our partners and our funders to invest in communities, to prepare kids, adults and older Americans to cross the line – to have choices and to reach their full potential.

How did we leverage your capital, partnerships and support of all the work we do to help people and communities reach their highest potential at every stage of life?

To help people and communities break barriers and cross the line to reach their highest potential in 2010, we continued to refine our three-pronged cooperative approach. Utilizing practice, policy and partnerships across public and private organizations with shared vision and values, we accomplished so much in 2010.

“ All of this is possible thanks to you, our investors, our supporting foundations, our partnering government agencies and local community organizations, and of course, our strategic affiliation with NCB. ”



A Letter from the CEO Terry Simonette

Together, how did we invest in communities working to cross the line?

- Assembled and delivered **\$195.8 million** in capital for education, health care and housing nationwide.
- Built capacity through the peer-to-peer exchange of expertise and ideas both online and in person, and through the distribution of tools and resources to thousands of practitioners in housing, education and aging.
- Were awarded **\$20.7 million** in Program Related Investments funding, and **\$21.6 million** in grants for innovative community lending and expert technical assistance.
- Launched several new, major initiatives:
 - » Village to Village Network brought together 125 member Villages in its first year to help thousands of adults age in their own communities independently.
 - » Cornerstone Partnership attracted more than 300 member organizations in its first year that are working to create long-term affordable homeownership possible for thousands of low-income families across the country.
 - » Participated in the JP Morgan Chase Charter School Lending Initiative, where we used the funds awarded from this program to create an \$80 million program for 10 schools that will benefit at least 3,500 students.
 - » Partnered in the Detroit Integration Initiative, a \$22 million Living Cities program to create a new model of public, private partnership to expand economic opportunity for low-income people.

What did these resources yield for our communities ?

- **\$63.3 million** for charter schools so that 16,210 children now have access to a high quality education
- **\$55.3 million** for community health care centers so that 7,602,030 patients were able to get the care they needed
- **\$17.1 million** for affordable housing and long term care so that low-income families could live under their own roof and older adults could receive quality, dignified care.
- **\$25 million** for economic development creating 150 jobs and promoting environmental sustainability
- **26,470 hours** of peer-to-peer exchanges, tools and resource development so that tens of thousands of older Americans can age in their own communities and homes, and families with low to moderate-incomes can now afford to own their homes.

A Letter from the CEO Terry Simonette

What are the longer term outcomes?

Meaningful impact will continue as transformative change helps make high-quality health care, housing and education more accessible and attainable, and eldercare more dignified and respectful.

All of this is possible thanks to you, our investors, our supporting foundations, our partnering government agencies and local community organizations, and of course, our strategic affiliation with NCB.

Equally critical is the financial strength and sustainability of our organization. We are pleased once again to report one of the strongest performances in our 28-year history:

Annual Disbursements were **\$195.8 million**.

Total disbursements grew to **\$1.6 billion**.

Managed Portfolio grew to a record high of **\$747.3 million**.

Loan Performance was strong.

Even more, NCB Capital Impact received its CDFI certification. And, Capital Impact maintained the CARS' highest rating of "1" for Financial Strength and Performance; the highest rating of "AAA" for Impact Performance; and a Policy Plus for leadership in policy changes impacting disadvantaged people and communities.

As we move forward into the next year, we will continue to help individuals and communities cross the line, moving them one step closer to reaching their full potential. We look forward to partnering with you each step of the way.



Terry Simonette
President and CEO
NCB Capital Impact

Impact by the Numbers

\$1.6 Billion in total lending in low to moderate-income communities since inception

\$197 million for **35,100 units** of multifamily homeownership or other affordable housing;

\$463 million for high-quality charter school facilities creating **158,000** more school seats;

\$552 million for community health centers creating **2.962 million** more square feet of community health center space that provide **1,104,381** patient visits annually;

\$53 million for healthy food financing in over **60** locations;

\$136 million for other community development enterprises;

9,000 affordable assisted living units for seniors and persons with disabilities; and

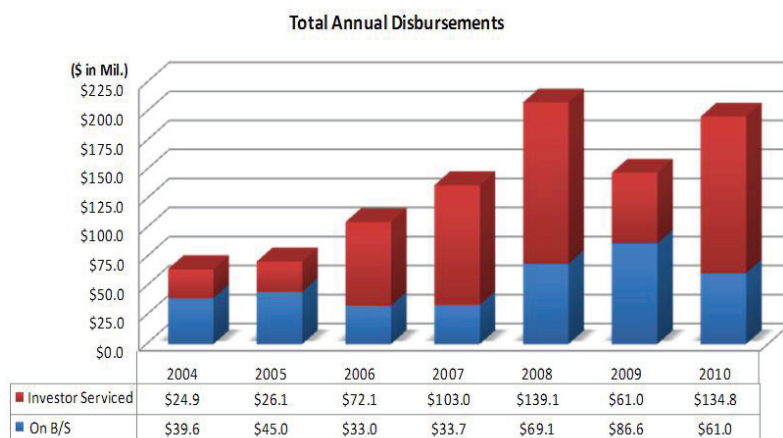
26,402 jobs for low-income individuals.

Visit www.NCBcapitalimpact.org to view our 2010 Impact by the Numbers video: *Crossing the Line*

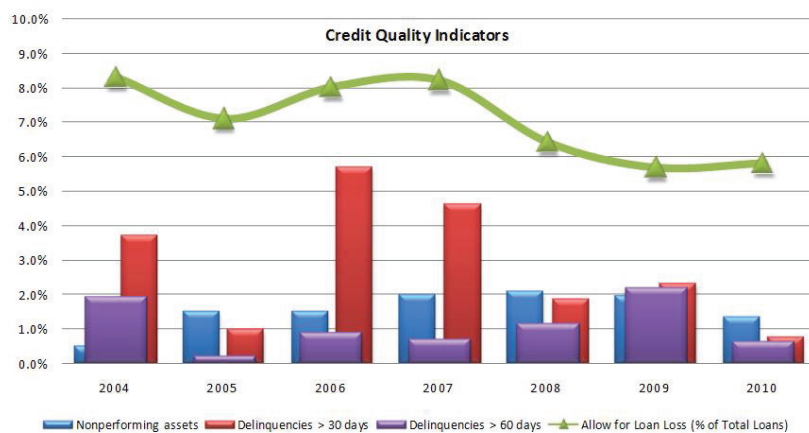


Key Performance Indicators 2004 to 2010

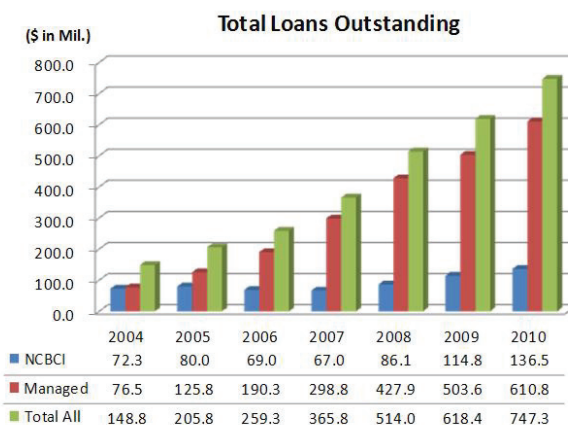
Annual Disbursements



Loan Performance



Managed Portfolios



Thank You to Our Partners & Sponsors

PHILANTHROPIC PARTNERS

AARP
Archstone Foundation
Annie E. Casey Foundation
Appleton Foundation
Bill and Melinda Gates Foundation
California Community Foundation
The California Endowment
California Healthcare Foundation
Colorado Health Foundation
Community Foundation for Southeast Michigan
Endowment for Health
Ford Foundation
Hearst Foundations
JP Morgan Chase Foundation
Living Cities
MetLife Foundation
Milbank Foundation for Rehabilitation
The Mousetrap Foundation
Nationwide Foundation
PNC Bank
Rasmuson Foundation
The Robert Wood Johnson Foundation
The SCAN Foundation
U.S. Department of Education
U.S. Department of Health and Human Services
U.S. Department of Housing and Urban Development
U.S. Department of Treasury
U.S. Department of Veterans Affairs
W.K. Kellogg Foundation
Walton Family Foundation

FINANCING PARTNERS AND INSTITUTIONAL INVESTORS

Axa Equitable Life Insurance
Bank of America
Calvert Foundation
Citibank
Citizens Bank
Commerce Bank
Deutsche Bank
Impact Community Capital (Composed of: Allstate, Farmer's
Insurance Exchange, Pacific Life Insurance, State Farm, Mutual
Automobile Insurance, 21st Century Insurance, SAFECO
Insurance, Nationwide Insurance, and MetLife)

JPMorgan Chase
Metropolitan Life
Morgan Stanley Bank
National City Community Development Corporation
Nationwide Insurance
NCB
NCB, FSB
OneCalifornia Bank
PNC
Prudential Insurance
TransCapital
Wespath, a division of the General Board of Pension and
Health Benefits of The United Methodist Church
U.S. Bank Community Development Corporation
Wachovia Bank

LOCAL, STATE, AND FEDERAL AGENCIES, COMMUNITY-BASED ORGANIZATIONS, AND ASSOCIATIONS

AARP
American Sunrise Communities
Arkansas Department of Human Services, Division of Aging
and Adult Services
Arkansas Development Finance Authority
Arkansas Division of Aging & Adult Services
Bridge Street Development Corp.
Burlington Associates in Community Development
California Charter Schools Association
California Department of Health Services
The California Endowment
California Health Facilities Financing Authority
California Primary Care Association
California School Finance Authority
Catholic Healthcare West
CCA Global
CDFI Fund
Center for Housing Policy
Center on Budget and Policy Priorities
Centers for Medicare and Medicaid Services
CFED
Champlain Housing Trust
Charter Schools Lenders Coalition
Coalition of Community Development Financial Institutions
(CDFI Coalition)
Chicago Department of Housing
City First Homes
CityView

Thank You to Our Partners & Sponsors

Community Clinics Initiative
Community Homeownership Credit Coalition
Community Reinvestment Fund
Concepts in Community Living
Corporation for Enterprise Development
CUNY Graduate Center
District of Columbia Deputy Mayor for Planning and Economic
Development
District of Columbia Department of Housing and Community
Development
Enterprise Community Investment, Inc.
Enterprise Community Partners
Enterprise Social Investment Corporation
Fannie Mae
Fifth Avenue Committee
Forest City Stapleton
Florida Consortium of Charter Schools
Gardens of Mount Carmel, Inc.
Georgia Charter Schools Association
Gulf County Community Land Trust
Harrison Institute for Public Law
HOPE Community, Inc.
Housing Counseling Services, Inc.
Housing Partnership Network
Iowa Finance Authority
Jair Lynch Companies
Joint Center for Housing Studies, Harvard University
Leading Age (formerly The American Association of Homes
and Services for the Aging)
Lincoln Land Institute
Local Initiatives Support Corporation
Long Term Care Authority of Oklahoma
Louisiana Department of Health and Hospitals
Low Income Investment Fund
Manhattan Valley Development Corp.
MANNA, Inc.
Marathon Senior Living
Metropolitan Cooperative, Inc.
Mi Casa
MIA Management
Minnesota Association of Charter Schools
MSC Fund/Cooperative Development Foundation
National Alliance for Public Charter Schools
National Association of Housing and Redevelopment Officials
National Association of Housing Cooperatives
National Community Land Trust Network
National Conference of State Legislatures
National Council of State Housing Agencies

National Governors' Association
National Grocers Association
National Housing Conference
National Housing Institute
National Housing Trust
NCB
NCB, FSB
Neighborhood Partners, LLC
NeighborWorks® America
New Hampshire Community Loan Fund
New York City Department of Housing,
Preservation, and Development
Northcountry Cooperative Development Fund
Northeast Brooklyn Housing DevelopmentCorp.
Northern Manhattan Improvement Corp.
Opportunity Finance Network
ONE DC
OSHPD/CAL - Mortgage
Pennsylvania Housing Finance Authority
Pratt Area Community Council
Public Economics, Inc.
Raza Development Fund
RCLCO Real Estate Advisors
The Reinvestment Fund
Research Triangle Institute
Reznick Group
ROC USA
San Francisco, Mayor's Office of Housing
Seattle, Office of Housing
Thompson Consulting
Twin Pines Foundation
U.S. Department of Agriculture, Rural Development
U.S. Senate Committee on Banking, Housing, and Urban Affairs
U.S. Department of Agriculture Graduate School
U.S. Department of Education
U.S. Department of Health and Human Services
• Bureau of Primary Health Care, Health Resources, and Services
Administration
• Office of Community Services
• Office on Disability
U.S. Department of Housing and Urban Development
U.S. Department of the Treasury
University Legal Services
The Urban Homesteading Assistance Board
Urban Institute
Urban Land Institute
Vista Senior Living
Wisconsin Charter Schools Association

2010 Financials

Consolidated Statements of Financial Position

Consolidated Statements of Activities

Years Ended December 31, 2010 and 2009

	2010	2009
Changes in Unrestricted Net Assets		
Financial Activity		
Financial income		
Interest income on investments	\$ 79,576	\$ 161,766
Interest income on loans	8,739,167	6,962,841
Unrealized and realized loss on investments, net	219,687	(289,238)
Loss on sales of other real estate owned	(217,093)	-
Total financial income	<u>8,821,337</u>	<u>6,835,369</u>
Financial expense		
Interest expense	2,440,620	1,623,386
Provision for loan losses	1,603,160	1,220,289
Provision for loan loss on other real estate owned	219,153	-
Total financial expense	<u>4,262,933</u>	<u>2,843,675</u>
Net financial income	<u>4,558,404</u>	<u>3,991,694</u>
Revenue and Support		
Fees	5,655,611	3,836,408
Contract revenue	1,155,734	953,730
Other income	9,165	35,728
Net assets released from restrictions	6,801,740	3,829,438
Total revenue and support	<u>13,622,250</u>	<u>8,655,304</u>
Expenses		
Lending program	6,855,902	4,230,057
Technical assistance	4,854,655	4,329,026
Total program expenses	<u>11,710,557</u>	<u>8,559,083</u>
Support expenses		
Management and general	4,727,021	3,484,654
Fundraising	225,396	216,511
Total expenses	<u>16,662,974</u>	<u>12,260,248</u>
Increase in unrestricted net assets	<u>1,517,680</u>	<u>386,750</u>
Changes in Temporarily Restricted Net Assets		
Revenue and Support		
Interest income on investments	31,911	30,575
Gain (loss) on joint venture	(231,347)	(105,485)
Grants - Robert Wood Johnson Foundation	4,710,512	232,421
Grants - Ford Foundation	1,100,000	1,450,000
Grants - JP Morgan Chase	12,000,000	-
Grants - The California Endowment	3,000,000	-
Other grants	1,480,525	632,500
Net assets released from restrictions	(6,801,740)	(3,829,438)
Increase (decrease) in temporarily restricted net assets	<u>15,289,861</u>	<u>(1,589,427)</u>
Changes in Permanently Restricted Net Assets		
Loan principal recoveries	50,182	-
Loss on loan principal charge off	(96,420)	(304,945)
Decrease in permanently restricted net assets	<u>(46,238)</u>	<u>(304,945)</u>
Increase (decrease) in net assets	16,761,303	(1,507,622)
Net assets - beginning	97,964,483	99,472,105
Net assets - ending	<u>\$ 114,725,786</u>	<u>\$ 97,964,483</u>

2010 Financials

Consolidated Statements of Activity

Consolidated Statements of Financial Position December 31, 2010 and 2009

	2010	2009
Assets		
Cash and cash equivalents	\$ 9,971,441	\$ 13,579,600
Cash and cash equivalents - restricted	28,357,861	17,372,480
Accounts and interest receivable	3,249,514	2,157,875
Contributions receivable	8,986,096	3,256,498
Investments	2,911,531	2,418,797
Investment in joint venture	1,934,674	6,898,478
Loans receivable	170,356,813	123,916,569
Less: allowance for loan losses	(8,035,281)	(6,651,691)
Loans receivable, net	<u>162,321,532</u>	<u>117,264,878</u>
Other real estate owned	1,810,712	931,286
Other assets	<u>1,460,553</u>	<u>487,831</u>
Total assets	<u>\$ 221,003,915</u>	<u>\$ 164,367,723</u>
Liabilities and Net Assets		
Liabilities		
Accounts payable and accrued expenses	\$ 3,949,815	\$ 1,526,892
Revolving line of credit	28,000,000	17,000,000
Notes payable	40,350,411	38,644,999
Note payable - other (Note 11)	<u>33,977,902</u>	<u>9,231,349</u>
Total liabilities	<u>106,278,128</u>	<u>66,403,240</u>
Commitments and Contingencies (Notes 14 and 15)		
Net Assets		
Unrestricted	74,007,878	72,490,198
Temporarily restricted	39,126,000	23,836,139
Permanently restricted	<u>1,591,908</u>	<u>1,638,146</u>
Total net assets	<u>114,725,786</u>	<u>97,964,483</u>
Total liabilities and net assets	<u>\$ 221,003,915</u>	<u>\$ 164,367,723</u>

2010 Financials

Consolidated Statements of Cash Flows

Consolidated Statements of Cash Flows Years Ended December 31, 2010 and 2009

	2010	2009
Cash Flows from Operating Activities		
Increase (decrease) in net assets	\$ 16,761,303	\$ (1,507,622)
Adjustments to reconcile increase (decrease) in net assets to net cash provided by operating activities:		
Provision for loan losses	1,603,160	1,220,289
Loss on loan principal charge off	96,420	304,945
Loan principal recoveries restricted for long-term purposes	(50,182)	-
Depreciation	57,152	75,832
Amortization of premium and discount on investments	-	(2,106)
Investment (gains) losses, net	(219,687)	289,238
Loss on investment in joint venture	231,347	105,485
Provision for loan loss on other real estate owned	219,153	-
Loss on sales of other real estate owned	217,093	-
Change in discount of contributions receivable	137,612	(232,421)
Accretion of interest on loans	85,570	69,080
(Increase) decrease in:		
Accounts and interest receivable	(1,091,639)	372,011
Contributions receivable	(5,867,210)	2,690,530
Other assets	(941,916)	189,856
Increase (decrease) in:		
Accounts payable and accrued expenses	2,422,923	425,012
Net cash provided by operating activities	13,661,099	4,000,129
Cash Flows from Investing Activities		
Loan originations and advances	(89,605,126)	(88,337,573)
Loan repayments	41,456,213	59,165,435
Return of capital from CCAP	4,732,456	8,063,241
Proceeds from sales/maturities of investments	30,000	-
Purchase of investments	(53,047)	(8,378,434)
Purchase of equipment	(88,851)	-
Proceeds from sale of other real estate owned	77,900	-
Net cash used in investing activities	(43,450,455)	(29,487,331)
Cash Flows from Financing Activities		
Proceeds from notes payable	26,703,575	22,000,000
Repayment of note payable	(83,732)	-
Repayment of note payable - other	(253,447)	(238,526)
Proceeds from lines of credit	13,000,000	25,000,000
Repayment of lines of credit	(2,000,000)	(21,900,000)
Loan principal recoveries restricted for long-term purposes	50,182	-
Net cash provided by financing activities	37,416,578	24,861,474
Net increase (decrease) in cash and cash equivalents	7,627,223	(625,728)
Cash and cash equivalents - beginning	30,702,080	31,327,808
Cash and cash equivalents - ending	\$ 38,329,303	\$ 30,702,080
Cash and cash equivalents	\$ 9,971,441	\$ 13,579,600
Cash and cash equivalents - restricted	28,357,861	17,372,480
Total cash and cash equivalents	\$ 38,329,302	\$ 30,952,080
Supplemental Disclosure of Cash Flow Information:		
Cash paid during the year for interest	\$ 1,994,630	\$ 1,605,170
Supplemental Schedule of Non-cash Investing Activities:		
Non-cash transfer from loans receivable to OREO	\$ 1,418,972	\$ 553,133
Proceeds from sale of other real estate owned included in accounts receivable	\$ 25,400	\$ -

See Notes to Consolidated Financial Statements.

Our Board of Directors

NCB Capital Impact's Board of Directors is comprised of industry leaders in the cooperative world who represent a variety of sectors, including housing, education, health care and economic development.

THOMAS A. BLEDSOE

President & CEO
Housing Partnership Network

THOMAS CARROLL

President
Federation for Education Reform &
Accountability

JANE GARCIA

CEO
La Clinica de La Raza, Inc.

JANIS HERSCHKOWITZ

President & CEO
PRL, Inc.

ROSEMARY MAHONEY

Chief Executive Officer
CoopMetrics

STEPHANIE MCHENRY

President, Cleveland Region
Urban Partnership Bank

RAY J. MONCRIEF

Exec Vice President & COO
Kentucky Highlands Investment Corp.

DANA PANCAZI

Senior Program Officer
F.B. Heron Foundation

CHARLES E. SNYDER

President and Chief Executive Officer
NCB

WALDEN SWANSON

Director of New Initiatives
CoopMetrics

THOMAS W. WALSH

Assurance Partner (Retired)
PricewaterhouseCoopers LLP



This annual report can be
found on our website at
www.ncbcapitalimpact.org.

