Return to Capital Impact Partners

CAPITAL IMPACT PARTNERS 2020 ANNUAL REPORT

COMBATING THE OTHER PANDEMIC

Flattening the Curve for Social Justice

The seriousness of the COVID-19 pandemic was hard to grasp in the beginning of 2020, but the inequities that it exposed have deep roots. And what we feared about the outcomes of the pandemic are ringing true: communities of color will be grappling with the long-term impacts for months, if not years to come. So the question remains: what must we do to flatten the curve when it comes to issues of social and economic injustice? It starts with putting the community first. I invite you to learn more about our efforts to uplift those solutions, as well as those who are exercising their agency to do the same.

Read More From Ellis Here

Ellis Carr
PRESIDENT AND CEO

IMPACT HIGHLIGHTS

$90
MILLION
LOANS CLOSED

1,773
AFFORDABLE
HOUSING UNITS

4,900
STUDENTS
SERVED

425,000
PEOPLE SERVED

360
JOBS CREATED

400,000
HEALTH CARE PATIENTS

14,000
HEALTHY FOOD CUSTOMERS

Stories of Impact

RESPONDING TO COVID

The COVID-19 pandemic brought social and racial injustice and inequity to the forefront in 2020. The impacts were felt across many of the sectors in which we work. As in past times of crisis, we quickly pivoted our efforts to fill the gaps and provide communities with key support in their time of need.

Read More Here

A NEW ALLIANCE

In a first-of-its-kind effort, we joined with CDC Small Business Finance to launch a transformative new enterprise and innovate how capital and investments flow into historically disinvested communities to advance economic empowerment and equitable wealth creation.

Read More Here

STRONGER TOGETHER
CAPITAL IMPACT PARTNERS
CDC
Small Business Finance

SUPPORTING CO-OPS

Communities of color have a rich history tapping the cooperative model as a key economic tool to advance their communities. Through innovative programs and lending, we worked to ensure that disinvested communities can continue to build power through this movement.

Read More Here

Commitment to Diversity, Equity, and Inclusion

Capital Impact Partners envisions a world where everyone prospers. We embody equity as a workplace by embedding such in our structure, culture, policy, and products. In partnership with community, **we endeavor to shatter the barriers created by systemic oppression in the pursuit of equitable access to resources that promote generational wealth development.**

EQUITY

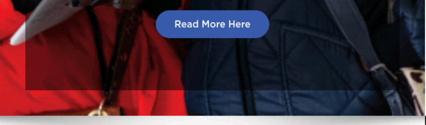
Financing Women & Diverse Developers

Diverse Developers	Female Developers	Low-to-Moderate Income Developers
20 57% of Developers Financed	**19** 56% of Developers Financed	**8** 24% of Developers Financed

*** Note, some developers may be included in multiple categories. All data through 12/31/2020.**

> I have always wanted to fulfill the dream of developing the right projects in Detroit. Participating in this program will allow me to gather elements of the development process that I lack.

Luis Antonio Uribegan
Design Think Tank

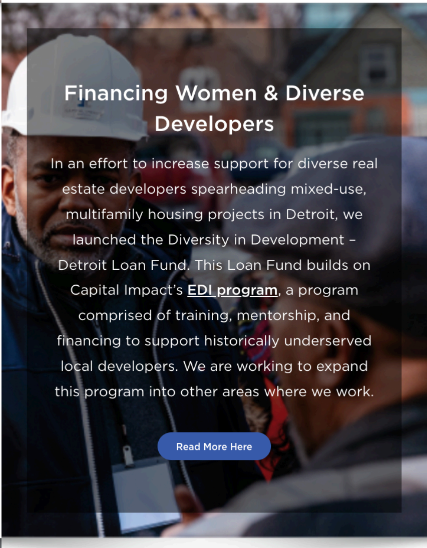


Read More Here

> This initiative will assist me in expanding to working on commercial/mixed-use developments and allow me to contribute to the communities of Detroit.

Angela Owens

Ocie Property Management



Financing Women & Diverse Developers

In an effort to increase support for diverse real estate developers spearheading mixed-use, multifamily housing projects in Detroit, we launched the Diversity in Development – Detroit Loan Fund. This Loan Fund builds on Capital Impact's **EDI program**, a program comprised of training, mentorship, and financing to support historically underserved local developers. We are working to expand this program into other areas where we work.

Read More Here

EDI Participants Trained in 2020

20
Detroit

17
Washington D.C.

Entrepreneurs of Color Fund Highlights

$1.02 MILLION
in Loans Deployed

987
small businesses assisted with loans and technical assistance across the Washington, D.C., Virginia, Maryland region

1,081
Quality Jobs Created or Retained

80%
Low-Moderate Income Residents Served

*Loans provided by Washington Area Community Investment Fund (Wacif) and the Latino Economic Development Center (LEDC).

> 2020 was a tumultuous year as we saw how COVID-19 disproportionately impacted communities of color and witnessed thousands take to the streets to speak out on important issues of racial justice. We took this opportunity to support our staff and help them address important DEI issues by facilitating a variety of trainings to help our team better understand unconscious bias, emotional intelligence, and race relations. We are on an important journey that has neither a beginning nor an end.

Kim Dorsett

Chief Human Resources Officer

A Diverse and Inclusive Team

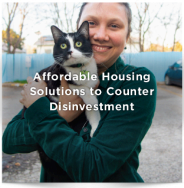
	BIPOC	Female
Capital Impact Staff	60%	64%
Executive Management Team	80%	60%
Lending Team	48%	52%
Program Development Team	45%	91%

* As of 12/31/2020

Join Our Team

Blog Highlights

A Transformative Gift for Racial Equity

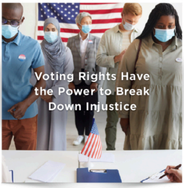


Affordable Housing Solutions to Counter Disinvestment

Podcast: Supporting Co-op Innovators

Learning to Change: CDFI Racial Equity Collaborative on Education

A Call to Strengthen the Community Reinvestment Act


Voting Rights Have the Power to Break Down Injustice

Press Coverage Highlights

WASHINGTON BUSINESS JOURNAL

2020 Women Who Mean Business | Natalie Gunn, Capital Impact's CFO

SB

New Lending Industry Alliance to Bolster Underserved Communities

SOCAP DIGITAL

The Transformative Power of Coops

McKnight's SENIOR LIVING
News, perspective and analysis

New model offers way to provide assisted living beyond traditional boundaries

model D

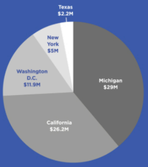
Black-owned firm leads redevelopment of historic row homes in Hubbard Farms

CRAIN'S DETROIT BUSINESS

$12.5 million fund aims to help spur minority real estate development in Detroit

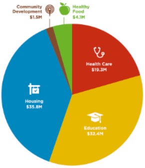
Visit Our Press Page for More Details

Financial Highlights



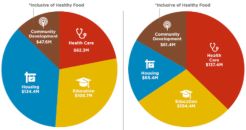
FY2020 LOAN ORIGINATIONS IN CORE GEOGRAPHIES

$74.3 MILLION



FY2020 CLOSED LOANS PORTFOLIO

$93.1 MILLION



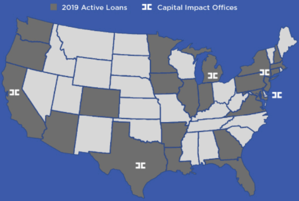
On-Balance Sheet Loans

Off-Balance Sheet Loans

TOTAL MANAGED LOAN PORTFOLIO

$742.6 MILLION

CREATING SOCIAL IMPACT
from Coast to Coast

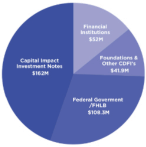


FY2016-FY2020
79%
Loan
Portfolio
Growth

FY2016-FY2020
82%
Total Asset
Growth

FY2016-FY2020
37%
Unrestricted
Net Asset
Growth

FY2020
0.3%
Delinquency
Ratio



CAPITAL IMPACT INVESTORS

$346.3 MILLION

FY2020 CDFI Fund Awards

$2.75 million Healthy Food Financing Initiative Financial Assistance (HFFI-FA) Award

Consolidated Statement of Financial Position

Consolidated Financial Report

$557,000 Financial Assistance (FA) Award

$269,000 Disability Funds-Financial Assistance (DF-FA) Award

Read More

Form 990

S&P Credit
Rating Report

Board of Directors, Funders, Investors & Partners

Without the commitment of our Board of Directors, as well as a range of funders, investors, and partners, we would not be able to fulfill our mission to build communities of opportunity. We thank them for their support!

Meet Our Board

Meet Our Partners & Funders

Meet our Management Team

Through capital and commitment, Capital Impact helps people **build communities of opportunity that break barriers to success.**

CAPITAL IMPACT PARTNERS

ENewsletter Subscription

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Pivoting to Help Communities Address COVID-19

The COVID-19 pandemic became just the latest spotlight showing how strongly structural racism continues to oppress communities of color. Yet, even under the extreme circumstances we faced during 2020, our borrowers and partners across the **health care**, **food**, **education**, **housing**, **cooperative**, and **small business sectors** worked tirelessly to care for their friends, families, and neighbors.

Joining their efforts, mission-driven financial institutions have also **stepped into the gap** to keep the shadow safety net in place and pivoting to address the pandemic head-on.

Below are many of the steps we took to engage communities. We also invite you to **read our blog series** highlighting some of the inspiring stories of our partners and borrowers working on the front lines of the pandemic.

CDFIs have worked as a counterpoint to systems that exacerbate racial and socioeconomic disparities…In the midst of the COVID-19 pandemic, few sectors have proven to be better placed to help ensure the continued economic health of communities.

Diane Borradaile

Chief Lending Officer, Capital Impact Partners

This grant from Capital Impact Partners will support key infrastructure that will help Dreaming Out Loud to drive inclusion of Black, Brown, and women-owned farmers and food-makers into the emergency food aid and institutional food systems that will drive equitable economic recovery post-COVID-19 and beyond.

Christopher Bradshaw

Executive Director, Dreaming Out Loud, DMV Good Food Fund Innovative, Response Fund Awardee

How Capital Impact Helped Communities Respond to COVID-19

- Launching the $25 million CPCA COVID Response Loan Fund with The California Primary Care Association (CPCA) to provide flexible financing for community health centers responding to and recovering from the COVID-19 pandemic.
- Making additional rental and relocation assistance available to renters with our partners Midtown Detroit, Inc. (MDI) through the Stay Midtown program. MDI took the lead in assessing the needs of participating households to provide the proper level of assistance.
- Working with our Entrepreneurs of Color Fund partners at the Latino Economic Development Center (LEDC) and the Washington Area Community Investment Fund (Wacif) to channel relief funds through them to support their small business borrowers in Washington, D.C.
- Launching our DMV Good Food Fund Innovative Response Fund, which provided $100,000 in awards to key partners in order to sustain and stabilize mission-aligned good food enterprises in the Washington, D.C. Metropolitan Region.
- Participating in several cooperative development activities, including: contributing to the Cooperative Development Foundation Disaster Recovery Fund to support home care co-ops; deploying $40,000 in grant awards to support cooperatively owned businesses through the D.C. Co-op Impact Grant launched in partnership with Wacif and Citi Community Development; awarding ChiFresh Kitchen $50,000 as part of our annual Co-op Innovation Award to expand its commercial kitchen, owned and operated by formerly incarcerated Chicagoans, primarily Black women.
- Ensuring that borrowers had the support they needed to ensure strong, healthy communities in the months – and years – to come:
    - We worked with all of our current borrowers to take the steps necessary to cover loan payments.
    - We closed more than $93 million in loans through 2020 to support 40 projects in California, Colorado, Michigan, Pennsylvania, Tennessee, Texas, and Washington, D.C.
    - Continued with the planned launch of our $12.5 million Diversity in Development – Detroit Loan Fund to ensure a pipeline of capital for emerging diverse developers spearheading and supporting development post-pandemic.

2020 Capital Impact Partners Highlights

Return to Annual Report

A New Alliance

Supporting Co-ops

← Return to Capital Impact Partners 2020 Annual Report

A Powerful New Alliance for Communities & Small Business

CAPITAL IMPACT PARTNERS

CDC Small Business Finance

With a focus on economic empowerment and equitable wealth creation, Capital Impact joined with CDC Small Business Finance, the nation's leading mission-based small business lender, to launch a transformative new enterprise.

Our goal is ambitious: to innovate how capital and investments flow into historically disinvested communities as a means to accelerate job creation, wealth building, economic mobility, and the building of equitable and inclusive communities.

Together we are building a new business model to advance social and racial justice efforts by delivering holistic economic and community development impact at scale, with a focus on people and place.

WE ARE JUST BEGINNING

There are exciting movements ahead in 2021. This includes Ellis Carr expanding his current role to take over as CDC Small Business Finance's President and CEO. Kurt Chilcott will transition from President and CEO of CDC Small Business Finance and continue his support of this vision by serving as Board Chair of both Capital Impact Partners and CDC Small Business Finance.

Follow Along Here

> We want to make sure that equity and justice are really at the center of all of our work, inclusive of how we work with others. That means that we want to create a distribution channel that is fair and equitable and has just economics built into it so that all organizations can derive value that can support their long-term sustainability.
>
> *Ellis Carr, President and CEO, Capital Impact Partners and CDC Small Business Finance*

> We really are all about wealth creation and about trying to address the significant wealth gap that we have between majority households and minority households, and particularly in communities of color where that wealth does not exist.
>
> *Kurt Chilcott, Board Chair, President + CEO Emeritus, CDC Small Business Finance*

Complementary Expertise, Services + Mission

As we bring together our complementary expertise, we will transform the mission-driven lending industry in order to accelerate solutions that address social and economic inequality. This requires us to serve as leaders in creating a new model that addresses those gaps left by traditional and mainstream financial systems, leaving behind a legacy of disenfranchisement.

Stronger Together

We have the unique ability to deliver a full suite of lending products, programs, investments, and expertise that support community-driven efforts to create strong, vibrant, and healthy places of opportunity.

Place-Centered Focus

We are actively working through three place-based pilots in Los Angeles, Detroit, and the Washington, D.C. Metropolitan region. In each community, we are working to deploy lending products, capacity-building programs, and investment capital strategically customized to address high-priority local issues. Our learnings in these cities will inform the future strategies of the Alliance to further amplify our impact. The locations of the three pilots were intentionally chosen based on the current geographic focus for place-based community empowerment strategies within both organizations.

Video Series: Ellis & Kurt Talk about The Alliance

As the Alliance was taking shape, Ellis Carr and Kurt Chilcott sat down for a series of conversations about a variety of areas that the combined organization is going to tackle.

- A New Alliance
- What Problems We Are Solving For
- Addressing the Wealth Gap at Scale
- Redefining the Paradigm
- Disrupting the Distribution Channels
- Moving Beyond the Status Quo

2020 Capital Impact Partners Highlights

Return to Annual Report

Responding to COVID

Supporting Co-ops

← Return to Capital Impact Partners 2020 Annual Report

Supporting Cooperative Development to Build Community Power

Since its founding in 1982, Capital Impact Partners has used the **cooperative model** to build power for disinvested communities. Our focus has always been on how co-ops can better support communities living with low incomes. Co-ops can provide economic mobility to individuals who have been disinvested and locked out of the mainstream economy. Democratic ownership empowers worker-owners to control their financial destiny and build generational wealth.

In 2020, and particularly in the face of the COVID-19 pandemic, Capital Impact expanded its efforts to foster cooperative development nationwide by engaging in programmatic initiatives, lending, and policy advocacy.

> Time and again, we've witnessed how successful co-ops can create impact for communities living with low incomes. Cooperatives are having a moment, there is a movement to rebuild the economy in a more equitable and sustainable way that creates ownership and asset building opportunities for all communities.
>
> *Alison Powers, Cooperative & Community Initiatives Manager, Capital Impact Partners*

> ChiFresh planned to serve meals to after-school and summer programs, but as we launched in the midst of this crisis, we have pivoted to meet the immediate needs facing our communities. This grant allows us to partner with our fellow Black, Indigenous, People of Color (BIPOC)-owned worker cooperative farms and food operators to address COVID-related food insecurity. With Capital Impact's support, we can use this moment to build up the infrastructure for cooperatives to play a larger role in our local food ecosystem long-term.
>
> *Camille Kerr, ChiFresh Kitchen, 2020 Co-op Innovation Awardee*

Co-op Impact Highlights

$10 MILLION

in cooperative project lending

$140,000

in awards and grants that awardees leveraged to raise more than $2.6 million in further investment to support BIPOC communities

$61,000

in sponsorships to a broad spectrum of partners and conferences, including: California Center for Cooperative Development, Cooperative Development Foundation, Columinate, Democracy at Work Institute, National Cooperative Business Association, Network for Developing Conscious Communities, Shared Capital Cooperative, Sustainable Economies Law Center, and U.S. Federation of Worker Cooperatives.

How Capital Impact is Expanding Shared Ownership through Co-ops

Featured Deal: ROC USA

Financed a revolving line of credit to **support their capacity to finance and support more resident-owned communities nationwide.** A critical support since many of the communities are under pressure to close on their purchase due to competing offers.

- Projected beneficiaries: 3,124;
- Beneficiaries with low-incomes: 2,699 (86%)
- Projected housing units protected: 1,254;
- 100% of those units considered affordable

Investing in Co-op Innovations

- **Launched the 6th annual Capital Impact Co-op Innovation Award**, which aims to increase co-op development in communities with low incomes and/or communities of color. The award recognized organizations educating new audiences on the impact and potential of the cooperative model to disrupt income inequality and steward community ownership.
- The 2020 awardees – **ChiFresh, The Guild, and the Bronx Cooperative Development Initiative** – received a total of $100,000.
- Partnered with Wacif on the inaugural **D.C. Co-op Impact Award to support early-stage cooperatives in BIPOC communities** to catalyze growth, boost the local economy in marginalized communities, and provide catalytic capital to attract other funders.
- The 2020 D.C. Co-op Impact awardees included: Bloc by Block News, Community Grocery Cooperative, Community Kitchen Cooperative, The D.C. Pop-Up, Earth-Bound Building, the Farm Cooperative, and Starseed Earthroot.

Expanding the Co-op Ecosystem

- **Supported national legislation to expand worker cooperatives**, including submitting testimony as part of the House of

Representatives Small Business Employee Ownership Hearing, convened by Rep. Nydia Velazquez

- Helped to **create and advocate for local policy around limited-equity housing cooperatives** in partnership with the D.C. Limited Equity Housing Task Force. Limited-equity cooperatives are critical in helping government agencies or nonprofit organizations limit the resale price of membership shares in order to keep the housing affordable to incoming low- and moderate-income members.
- **Sponsored the first DC Metro Cooperative Academy led by the Network for Developing Conscious Communities**, a Baltimore organization focused on racial justice that is replicating its successful co-op curriculum. This 12-week cohort is designed for people of color and covers topics including governance, business planning, marketing, and financing.

Become a Co-op Supporter

Since the award was launched in 2015, **the 12 Co-op Innovation Award grantees have leveraged their combined $385,000 in awards to secure more than $4.5 million in additional funding** from foundations, investors, and government, and have reached more than 2,000 community members through meetings and trainings.

We invite you to join us in amplifying the important work of coops **by becoming a sponsor** of the 2021 Capital Impact Co-op Innovation Award. This is a unique opportunity to support the cooperative ecosystem and racial and economic justice during an unprecedented national crisis.

Learn more through our sponsorship fact sheet or contact:
Alison Powers
apowers@capitalimpact.org

Looking Forward

Capital Impact continues to focus on cooperative development as a means of achieving economic, social, and racial justice for our communities. We are working to align our food and co-op work more closely, particularly in the Washington Metro area, and continue to engage with working groups around limited-equity housing cooperatives and home care cooperatives. Through lending, programs, and policy, we are committed to building power for our neighbors so that they can build health and wealth for themselves and their families.

2020 Capital Impact Partners Highlights

Return to Annual Report
Responding to COVID
A New Alliance