

**\$2 BILLION
IN IMPACT**
...and counting



CAPITAL IMPACT
PARTNERS

2014 IMPACT REPORT

At Capital Impact Partners, we work with communities to create a strong fabric of high-quality services that foster good health, job creation, economic growth, and interconnectedness—**empowering individuals to improve their lives and livelihoods.**

IC + **30** = **\$2**
CAPITAL IMPACT **YEARS** **BILLION**
PARTNERS

A mission-driven
Community Development
Financial Institution

experience working
in underserved
communities

invested in
projects that deliver
social impact

HEALTHY FOOD

Why we do it:
Kids in communities with safe places to play and access to healthy foods are 56% less likely to be obese.

\$132 MILLION +
Invested in over
79 stores &
1 MILLION customers



DIGNIFIED AGING

Why we do it:
Green House elders maintain self-care abilities longer, with fewer experiencing decline in late-loss activities of daily living.

\$18 MILLION +
Invested in over
166 Green House homes +
143 village communities
& over **14 THOUSAND** elders



AFFORDABLE HOUSING

Why we do it:
Extremely low-income households are more likely to be located in high-crime neighborhoods and structurally inadequate units.

\$207 MILLION +
Invested in over
229 communities &
35 THOUSAND units



HEALTHCARE

Why we do it:
Improved asthma control for low-income and minority children equals healthier lives and fewer missed days of school.

\$752 MILLION +
Invested in over
506 clinics &
2 MILLION patients



EDUCATION

Why we do it:
Median weekly earnings of full-time workers with a high school diploma are \$180 higher than those without one.

\$664 MILLION +
Invested in over
219 schools &
228 THOUSAND students



COOPERATIVES

Why we do it:
The average food cooperative stimulates the economy by purchasing nearly 20% of its products from local sources.

\$278 MILLION +
Invested in over
208 Cooperatives
& **863 THOUSAND** customers



To view the full info-graphic visit: www.capitalimpact.org/why-we-do-it

30 YEARS OF IMPACT



Terry Simonette
President & CEO

Behind these impressive numbers is what matters most, our ability to work with partners and borrowers and touch the lives of those most in need.

2014 was a milestone year for Capital Impact Partners.

Among our many achievements is the fact that we crossed the \$2 billion line in loan disbursements to projects in underserved communities. Even more impressive is that, while it took 25 years to reach the \$1 billion mark, it only took five to reach our second billion. Behind these numbers is what matters most—our ability to work with partners and borrowers and touch the lives of those most in need.

In this report, you will meet Devon, who recently graduated from the Henry Ford Academy in Detroit and is now attending the College for Creative Studies. You will experience a day in the life of one of our Green House homes and witness how this innovative model is helping its residents age with dignity. You will see how San Francisco's South of Market Health Center is serving as the safety net for patients like Ray Sullivan and Susan Gouveia, who would otherwise have gone without health care.

Confidence in our ability to create impact was again recognized in expanded partnerships with investors like JPMorgan Chase as well as a number of awards given through the U.S. Department of Treasury's Community Development Financial Institutions Fund. I invite you to go online to read our interview with Aaron Seybert at JPMorgan Chase as well as our full suite of stories.

We also continued to demonstrate our ability to take small innovative models and scale them nationally.

Since 2010, our Village-to-Village Network—which allows elders to age in their homes with community support—has increased 200 percent, to 141 villages across 41 states, serving 25,000 seniors. With approximately 100 villages in the development stage, we felt that the organization was well-positioned to transition to an independent group of village leaders for ongoing management.

Lastly, given the dedication to our mission both internally and externally, I am particularly proud that Capital Impact was named a Top Workplace by The Washington Post.

Through our ingenuity and strategic financing, Capital Impact remains a leader in improving the lives of low-income individuals and the communities in which they live. And, as our 2020 strategy begins to take shape, I am excited about the possibilities ahead of us.

The opportunity to build strong, vibrant communities of opportunity in underserved areas is limited only by our imagination.

A stylized, handwritten signature of Terry Simonette in black ink. The signature is fluid and cursive, with the first letter 'T' being particularly large and prominent.

Terry Simonette
President & CEO

2014 IMPACT HIGHLIGHTS



\$112 MILLION
CLOSED



665,000
SERVED



12,000
**JOBS
CREATED**



EDUCATION:
15,000
STUDENTS



HEALTHCARE:
500,000
PATIENTS



HEALTHY FOOD:
75,000
PEOPLE

LENDING FOR IMPACT



Scott Sporte
Chief Lending
Officer

We have demonstrated year in and year out that we are able to provide capital at a consistent level to achieve significant community impacts.

Although lending is a primary activity at Capital Impact Partners, it is a means to an end: we use capital as a tool to effect positive change in underserved communities across the country.

When we consider a new loan, the first question we ask is whether it will create jobs or provide services and opportunities for the people who live in the communities we serve. It is only after we ascertain whether the financing request achieves a positive social objective that we assess the project's financial viability.

The projects we finance do not fit a conventional mold, and many of their fundamentals do not fit within the guidelines of regulated financial institutions. Each of our transactions is different and requires our staff to understand the intricacies of layered structures, to utilize creative approaches to risk mitigation and to provide technical assistance to our borrowers.

Our mission-driven approach drives us to provide a higher level of service and support to see that good projects in low-income communities receive the financing they need. This "artisanal" approach to lending takes time and patience, but we have demonstrated year in and year out that we are able to provide capital at a consistent level to achieve significant community impacts.

We saw this through the construction of grocery stores to combat food deserts in California and Michigan; in the expansion of community health centers in New York and North Carolina; in new educational choices in Massachusetts and Florida; and in the skilled nursing care provided in homelike settings in Minnesota and Colorado.

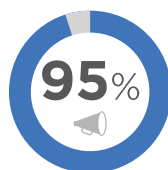
We also sharpened our focus in Detroit. With a substantial investment from JPMorgan Chase, we expanded our work increasing population density, building walkable communities and expanding services in new corners of the city. In the process, we helped to preserve the city's unique culture by funding projects that saved historic properties.

I am incredibly excited about the opportunities lying before us as we seek new ways to increase our impact in the communities we serve.



Borrowers & Investors **Satisfied** with Capital Impact's Services

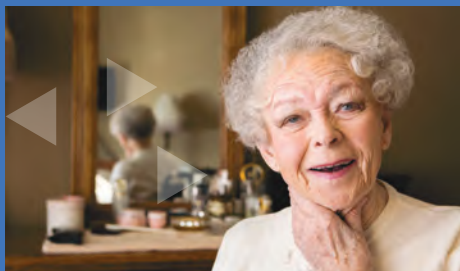
Borrowers & Investors **Would Recommend** Capital Impact to others



Scott Sporte
Chief Lending Officer

SEE THE FULL STORIES ONLINE AT:

www.capitalimpact.org/annualreport/2014.php



Bringing Dignity to Colorado's Elders

The Green House Homes
at Mirasol—Loveland, CO

Witness a day in the life of this community through a photo essay documenting the dignified aging experience of its 70 residents.

"I'm empowered by the Green House philosophies to see each resident as an individual and build relationships... It's love"

—**Desiree Baumeister**
Green House Shahbaz



Henry Ford Academy Student Designs His Future

Henry Ford Academy: School
for Creative Studies—Detroit, MI

Read how one of Detroit's most unique charter schools is helping students like Devon literally "design" their own future.

"They talked to me about the importance of hard work and what you can accomplish... I started to see my potential"

—**Devon Yancy**
Henry Ford Academy Graduate



Affordable Housing SWAT Team

Hello Housing—Novato, CA

Join Hello Housing's quick thinking team as they race to save a home from foreclosure, ensuring an affordable place to live for a needy family.

"I am thankful that I work with a great team who will jump at a moment's notice...It is a testament to the passion we all have for ensuring affordable housing for those who need it most."

—**Matt Warner**
Hello Housing



A Medical Safety Net for San Francisco's Vulnerable Residents

South of Market Health Center
—San Francisco, Ca

Step inside this innovative health center and hear patients and staff describe how their lives have been transformed.

"I think this clinic saved my life in a lot of ways"

—**Susan Gouveia**
Patient

STORIES OF IMPACT



Rebuilding Detroit's "Main Street" Block by Block

Multiple Projects

Walk down Woodward Avenue and see how our financing is helping to support local projects and bring vitality back to Detroit.

"We could have picked up and moved anywhere. Detroit was in a decline, but we decided to be part of its solution"

— **Scott Lowell**
Business Owner



Big Green Truck Delivers Healthy Bounty

Produce on the Go—Merced, CA

Watch the video on how Don and his big green truck are eliminating a food desert in the midst of California's agriculturally rich central valley.

"I'm hoping this teaches them that when mom shops healthy, mom feeds us healthy... you break the cycle of bad things, and you start the cycle of good things"

— **Maribel Baron**
Customer



Co-ops & Capital Impact: Staying True to Our Roots

Interview with Alison Powers

Take a journey with Alison Powers as she reminds us that Capital Impact was born out of the cooperative movement – and how we are just getting started.

"Capital Impact is passionate about investing in cooperatives that build strong, vibrant, and sustainable communities"

— **Alison Powers**
Capital Impact Partners



Teaming Up with JPMorgan Chase for Detroit's Neighborhoods

Interview with Aaron Seybert

Meet Aaron Seybert as he talks about our partnership, the launch of the Detroit Neighborhoods Fund and what's next.

"Capital impact is filling the space in Detroit between conventional financing and where the markets are...They're best-in-class"

— **Aaron Seybert**
JPMorgan Chase

2014 GROWTH HIGHLIGHTS



**\$8.1
MILLION**

Net Asset Growth

**\$5.3
MILLION**

Unrestricted Net Asset Growth



0.2%
Delinquency
Ratio



Community Development
Financial Institutions
Fund Awards:

\$55 MILLION

Bond Guarantee Program

\$43 MILLION

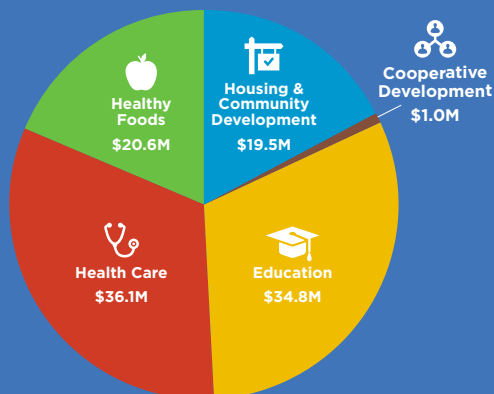
New Markets
Tax Credits Allocation

\$2 MILLION

Financial Assistance Award

\$2 MILLION

Health Food Financing
Initiative Award



LENDING ACTIVITY BY SECTOR

\$112 MILLION

2014 Closed Loans

FINANCIAL IMPACT



Ellis Carr
Chief Financial
Officer

Our portfolio... demonstrates that lending in low-income communities doesn't translate into additional portfolio credit risk. In fact, our portfolio performance is on par or superior to the performance of conventional loan portfolios.

Capital Impact ended 2014 in one of its strongest financial positions to date as both total net assets and unrestricted net assets increased by \$8.1 million and \$5.3 million respectively.

Our financial results were driven in large part by our lending activities. We ended 2014 with \$112 million in loan closings and our credit quality remained strong as we closed the year with a delinquency rate of just 0.2%. The 2014 volume and portfolio statistics highlight a few important themes for Capital Impact and the industry:

- ▶ Consistency in loan demand year over year demonstrates that organizations like Capital Impact can provide critical “gap” financing to businesses across the country. It also shows how, through effective collaboration with a number of our partners, we can create products and programs that are absorbed in the markets we serve.
- ▶ Our portfolio, like those of many of our colleagues, further demonstrates that lending in low-income communities doesn't translate into additional portfolio credit risk. In fact, our portfolio performance is on par or superior to the performance of conventional loan portfolios.
- ▶ Demand for capital in our markets continues to outstrip supply. The needs in the communities we serve continue to evolve, and flexible, consistent capital is needed for these communities to thrive.

As we look forward to 2015, we continue to explore new and innovative ways of expanding access and furthering our reach while always striving to improve our financial health and sustainability. One of the ways to support innovation in our lending and technical assistance areas is through the expansion and diversification of our capital structure.

Recently, we became a member of the Federal Home Loan Bank of Atlanta and were successful in raising capital through the United States Treasury-sponsored Bond Guarantee Program. Both of these efforts will provide us with the additional flexibility needed to support medium- and long-term projects across asset classes and our geographic footprint.

Our strong financial health and agility further enhances the ability to scale our efforts and better nurture the communities we work in.



Ellis Carr
Chief Financial Officer

AERIS
RATED
AAA + 1
powered by CAR5

PARTNERS

Philanthropic Partners

AARP
AARP Foundation
Archstone Foundation
Appleton Foundation
Bill and Melinda Gates Foundation
California Community Foundation
California Healthcare Foundation
Endowment for Health
Ford Foundation
Harry and Jeanette Weinberg Foundation
JPMorgan Chase Foundation
Kaiser Foundation Hospital Fund for Community Benefit Programs at the East Bay Community Foundation
Kaiser Foundation Hospitals California Southern Region
Kresge Foundation
Koret Foundation
Living Cities
Max M. & Marjorie S. Fisher Foundation
MetLife Foundation
The Mousetrap Foundation
National Housing Institute
Nationwide Foundation
Ohio Community Development Loan Fund
Ohio Community Development Finance Fund
PNC Bank
Rasmuson Foundation
Salesforce.com Foundation
Social Innovation Fund | Corporation for National and Community Service
SCAN Foundation
The Colorado Health Foundation
The Robert Wood Johnson Foundation
W.K. Kellogg Foundation

Financing Partners & Institutional Investors

Axa Equitable Life Insurance
Bank of America
Beneficial State Bank
Calvert Foundation
Capital Link
Citibank
Clearinghouse CDFI
Community Reinvestment Fund
Detroit Development Fund

Deutsche Bank
Dignity Health
EdTec
ExED
Flagstar Bank
Federal Home Loan Bank Atlanta Cooperative
IFF
Impact Community Capital
Invest Detroit
JPMorgan Chase
Living Cities
Local Initiatives Support Corporation
Low Income Investment Fund
Metropolitan Life
Merrill Lynch
Morgan Stanley
National Co-op Grocers
Nationwide Insurance
National Cooperative Bank
NCB, FSB
Nonprofit Finance Fund
Northern California Community Loan Fund
PNC
Prudential Insurance
Rural Community Assistance Corporation
Seattle Investment Fund
Self-Help Credit Union
Small Business Lending Fund
The California Endowment
The Reinvestment Fund
U.S. Bank Community Development Corporation
U.S. Department of Treasury CDFI Fund
Wells Fargo Bank
Wespath, a division of the General Board of Pension and Health Benefits of The United Methodist Church

Public Agency & Nonprofit Partners

Alzheimer's Association
American Health Care Association
American Medical Directors Association
Arkansas Division of Aging & Adult Services
Beacon Hill Village
California Department of Health Services
California Charter Schools Association
California Primary Care Association
California School Finance Authority
Center for Community Progress

Centers for Medicare and Medicaid Services
Chi Partners
CFED
Detroit Economic Growth Corporation
Fannie Mae
Federal Housing Finance Administration
Federal Reserve Bank of San Francisco
Freddie Mac
Grantmakers for Effective Organizations
Habitat for Humanity International
Housing Partnership Network
Harvard University Initiative for Responsible Investment
ICA Group, Inc.
Michigan Economic Development Corporation
Midtown Detroit, Inc.
Michigan Lending Solutions
Innovative Housing Institute
Kirwan Institute
Leading Age
Ohio Administration on Aging
National Association for County Community and Economic Development
National Association of Housing and Redevelopment Officials
National Association of Local Housing Finance Agencies
National Association of Realtors
National Community Land Trust Network
National Council of State Housing Agencies
National Fair Housing Alliance
National Family Caregivers Association
National Housing Conference & Center for Housing Policy
National Housing Institute
National League of Cities
NeighborWorks America
Opportunity Finance Network
PolicyLink
PHI National
Pioneer Network
ROC USA
The Eden Alternative
The Partnership for Working Families
U.S. Department of Education
U.S. Department of Health and Human Services, Bureau of Primary Health Care, Health Resources, and Services Administration
U.S. Department of Housing and Urban Development
Urban Institute

CAPITAL IMPACT PARTNERS AND SUBSIDIARIES CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

2014 (As of December 31st) and 2013

Assets	2014	2013
Cash and Cash Equivalents—Unrestricted	\$22,973,465	\$16,824,376
Cash and Cash Equivalents—Restricted	\$39,260,027	\$35,529,139
Accounts and Interest Receivable	\$1,990,401	\$2,559,694
Contributions Receivable	\$12,296,545	\$7,174,778
Investments	\$4,754,555	\$4,623,745
Investment in Joint Venture	\$2,660,793	\$2,661,129
Loans Receivable	\$164,914,807	\$159,897,403
Less: allowance for loan losses	(\$9,177,796)	(\$8,915,755)
Loans receivable—net	\$155,737,011	\$150,981,648
Loans receivable—subsidiaries	\$35,421,220	\$36,709,530
Other real estate owned, net of valuation allowance	\$0	\$394,929
Other assets	\$2,715,301	\$3,256,266
Total Assets	\$277,809,318	\$260,715,234
Liabilities & Net Assets		
Accounts payable & accrued expenses	\$4,028,078	\$2,918,871
Revolving line of credit	\$24,950,000	\$21,000,000
Notes payable	\$67,637,569	\$62,363,844
Subordinated debt	\$8,218,000	\$8,218,000
Notes payable—subsidiaries	\$35,436,546	\$36,729,152
Total Liabilities	\$140,270,193	\$131,229,867
Net Assets		
Unrestricted	\$84,554,160	\$79,213,421
Temporarily restricted	\$51,497,490	\$48,784,471
Permanently restricted	\$1,487,475	\$1,487,475
Total Net Assets	\$137,539,125	\$129,485,367
Total Liabilities & Net Assets	\$277,809,318	\$260,715,234

Full financials available at: www.capitalimpact.org/annualreport/2014.php#Financials

BOARD OF DIRECTORS

THOMAS BLEDSOE

President & CEO

Housing Partnership Network

JANIS HERSHKOWITZ

President & CEO

Prl, Inc.

ELI KENNEDY

Senior Vice President

Red Bird Advanced Learning

ROSEMARY MAHONEY (VICE CHAIR)

Senior Advisor

Cometrics

RAY MONCRIEF

Executive Vice President & COO

Kentucky Highlands

Investment Corporation

DANA PANCRAZI (CHAIR)

Vice President, Capital Markets

F.B. Heron Foundation

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Executive Director

Council Of New York

Cooperatives & Condominiums

CHARLES E. SNYDER

President & CEO

National Cooperative Bank

DAN VARNER

CEO

Excellent Schools Detroit

THOMAS W. WALSH

Assurance Partner

(Retired)

PricewaterhouseCoopers LLP

JUDY ZIEWACZ

Former Executive Director

State Of Wisconsin, Office

Of Energy Independence

TRANSFORMING UNDERSERVED COMMUNITIES INTO STRONG, VIBRANT PLACES OF OPPORTUNITY



CAPITAL IMPACT
PARTNERS

www.capitalimpact.org

Crystal City

2011 Crystal Drive
Suite 750
Arlington, VA 22202
P: 703.647.2300
F: 703.647.3490

Detroit

2990 West Grand Blvd
Suite M-15
Detroit, MI 48202
P: 313.230.1116

Oakland

360 22nd Street
Suite 320
Oakland, CA 94612
P: 510.496.2222
F: 510.496.0404

Program Incubation ► Strategic Financing ► Capacity Building