

# \$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](http://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.

**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](http://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**

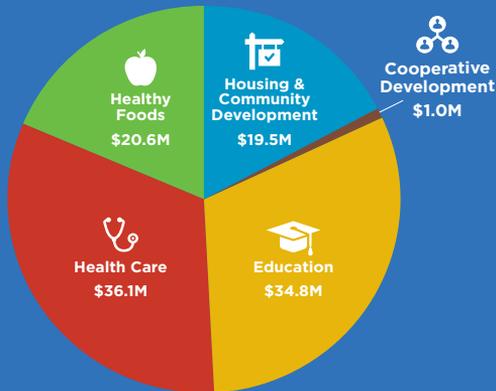
New Markets  
Tax Credits Allocation

**\$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

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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

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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

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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 31<sup>st</sup>) 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
<b>Total Assets</b>	<b>\$277,809,318</b>	\$260,715,234
<b>Liabilities &amp; Net Assets</b>		
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
<b>Total Liabilities</b>	<b>\$140,270,193</b>	\$131,229,867
<b>Net Assets</b>		
Unrestricted .....	\$84,554,160	\$79,213,421
Temporarily restricted .....	\$51,497,490	\$48,784,471
Permanently restricted .....	\$1,487,475	\$1,487,475
<b>Total Net Assets</b>	<b>\$137,539,125</b>	\$129,485,367
<b>Total Liabilities &amp; Net Assets</b>	<b>\$277,809,318</b>	\$260,715,234

Full financials available at: [www.capitalimpact.org/annualreport/2014.php#Financials](http://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 PAN CRAZI (CHAIR)

#### Vice President, Capital Markets

F.B. Heron Foundation

### MARY ANN ROTHMAN

#### 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  
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