

# Our 2020 Vision for Communities



CAPITAL IMPACT  
PARTNERS

# 2015 Impact Highlights:



\$131 MILLION  
CLOSED  
LOANS



154,000  
**PEOPLE**  
SERVED



1,050  
**JOBS**  
CREATED



EDUCATION:  
4,500  
**STUDENTS**



HEALTH CARE:  
87,000  
**PATIENTS**



HEALTHY FOOD:  
61,000  
**CUSTOMERS**

“ Through our efforts, we will work to address systemic poverty, build equitable opportunities, create healthy communities and ensure inclusive growth. ”

# Building a Foundation of Equity, Opportunity and Inclusiveness



**Ellis Carr**  
President and CEO

**As Capital Impact's new CEO, I am incredibly excited to take this opportunity to both look back at 2015 and to expound on our new five-year vision to 2020.**

Over the past year, we continued to build upon the organization's

strong financial position, deep partnerships and innovative product development. We provided ongoing leadership in the health care space, helped a number of charter schools expand their educational offerings and saw several of our projects come online across Detroit. We also launched two new lending initiatives that will expand access to healthy foods and support age-friendly communities.

At the same time, two of our long-time programs saw fresh beginnings. After working to build and

scale the Green House model for dignified long-term care and the Cornerstone Partnership to expand affordable housing, we saw those initiatives become self-sufficient, independent organizations.

In the accompanying pages, you'll see the impact of our work throughout the year first hand when you meet Yesenia Franco, a proud mother whose daughter has already chosen her college—even though she is still an elementary school student at Equitas Academy. We'll take you on a tour of Unity Health Care

and learn how Michele Reynolds, who, along with her neighbors in Washington D.C.'s Ward 5, now has access to quality care. You will also experience the kindness of Meals on Wheels volunteers in Texas who bring hot meals to Kajl, an accomplished chef no longer able to prepare all his own meals.

As impressed as I am with the impact we had in 2015, I'm equally excited about what lies ahead. This year marks the launch of our new five-year strategy. Core to that effort is working with all of you to create a

nation of communities built on a foundation of equity, opportunity and inclusiveness. It is an appropriate North Star for our ambitious agenda.

Through our efforts, we will work to address systemic poverty, build equitable opportunities, create healthy communities and ensure inclusive growth.

This will require us to expand our lending and implement new capitalization efforts that broaden our reach. We also plan to incubate, advocate and scale new and promising ideas through our policy to practice work. This

report will provide you with our initial roadmap.

I look forward to continuing Terry Simonette's legacy and am excited to join my colleagues in taking the bold steps necessary to find new ways to address the social and economic justice issues that impact underserved communities. I sincerely hope that you join us in shaping a new tomorrow.

# Financing That Supports Connections



**Scott Sparte**  
Chief Lending Officer

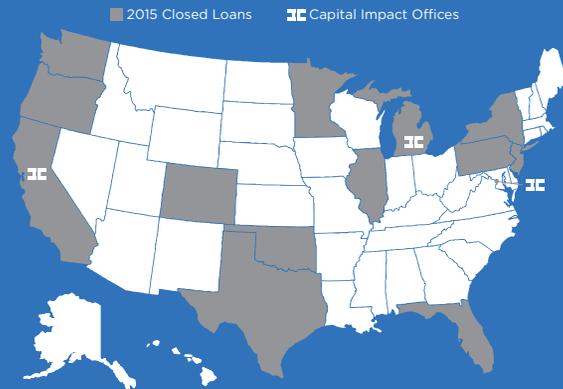
**At Capital Impact Partners we put money to work, focusing our efforts on the best ways to use dollars to achieve powerful outcomes.**

Our lending work at Capital Impact Partners in 2015 increased more than 17 percent over 2014—a success that

we celebrate in the present as we look ahead to new levels of accomplishment. This lending volume is a source of strength as it supports our organization financially while simultaneously reinforcing communities with increased access to critical housing, services and employment opportunities.

The new Michigan Good Food Fund uses financing to increase equitable access to fresh, healthy food. The Fund focuses on reducing food deserts in cities like Detroit and Flint as well as rural areas north of the Mackinac Bridge. It also supports producers

## CREATING SOCIAL IMPACT from Coast to Coast



of locally grown fruits and vegetables as well as entrepreneurs and employers.

Our new Age Strong Investment Fund, developed in partnership with the

Calvert Foundation, AARP and AARP Foundation, connects the burgeoning world of impact investing with high impact organizations to provide needed services to low-income

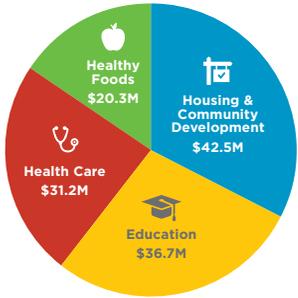
people aged 50 and up. With Age Strong, an investment as small as \$20 that could be quietly earning interest in a bank is instead put to work constructing housing and providing access to health care for very low-income seniors in rural Colorado. That investment is also helping to eliminate a Philadelphia food desert so that closer proximity to food and community services enables more seniors to remain in their homes as they age.

We have also put our shoulder to the wheel in partnership with the Low Income Investment Fund and

the Reinvestment Fund to utilize the CDFI Bond Guarantee Program. This program benefits a KIPP school in Camden, New Jersey that constructed a new school for more than 1,000 pre-K through 8th grade students. This school provides high-quality educational options for neighborhoods whose traditional public schools are closing.

In Detroit, projects in the Woodward Corridor Investment Fund and Detroit Neighborhoods Fund began opening their doors to people from a mix of income levels by using our lending as a tool to transform vacant,

“ Our new lending strategy intends to make money work harder, achieving even deeper levels of impact in and across communities. ”



## LENDING ACTIVITY BY SECTOR

# \$131 MILLION

2015 Closed Loans: **17% Year-over-Year Increase**

blighted buildings into vibrant homes near transportation and services for existing and new Detroit residents.

The following sections of this report celebrate

those accomplishments and their powerful impact on communities as we simultaneously look ahead to the next five years. Our new lending strategy intends to make money

work harder, achieving even deeper levels of impact in and across communities.

As the accompanying graphic illustrates, our loans support connections. A loan to a community health center provides a new point of access for primary care. It also allows a senior to use the services of that nearby center to be healthier and remain at home longer. A loan to a retail grocer increases that retailer's purchases of locally grown produce that in turn creates jobs and economic opportunity. Financing to a new apartment building in Detroit builds safer,

walkable, mixed-income communities and local demand that supports retailers and other job creating employers.

We accomplished much in 2015 and know that our diligent effort will lead to even more in the years to come. We are grateful to our partners and thank you for joining us as we look ahead to 2020.



# 2020 STRATEGY

## STRATEGIC PILLARS



### **ADDRESS SYSTEMIC POVERTY**

Effect systemic change at scale—from social systems to government programs—so that all people have paths out of poverty



### **CREATE EQUITY**

Support equitable access to quality services and economic opportunity regardless of race, ethnicity, gender, income or geography



### **BUILD HEALTHY COMMUNITIES**

Foster connections and social supports that strengthen the links between health, education, housing and opportunity that help people and communities thrive together



### **PROMOTE INCLUSIVE GROWTH**

Build diverse, mixed-income communities that promote economic mobility and empower individuals to break the barriers to success



Implement lending efforts that support connections and impact across multiple sectors simultaneously



Advance equitable growth and access through local, state and federal advocacy



Establish “Policy to Practice” capability that supports innovation within our business sectors as well as across the CDFI Industry



Convene cross-sector leaders, establish partnerships and expand technical assistance programs that scale innovative practices



Strengthen financial position through expanded lending, capital diversification and impact investing strategies



## Health Care

### **Our 2020 Focus:**

Support health care delivery innovations that are focused on prevention and whole person well-being

### **Programs:**

- ▶ Age Strong
- ▶ CPCA Ventures Loan Fund
- ▶ Healthier California Fund

“

We are confident that we're going to get quality care, and that is so important.

”

**Michele Reynolds**  
Patient, Unity Health Care, Washington D.C.



Witness how Unity's new health center is transforming lives at [www.capitalimpact.org/stories](http://www.capitalimpact.org/stories)

# Education

## Our 2020 Focus:

Create more high-quality schools that deliver excellent educational outcomes for low-income students

## Programs:

- ▶ CDFI Bond Guarantee Program
- ▶ New Markets Tax Credit Program

“

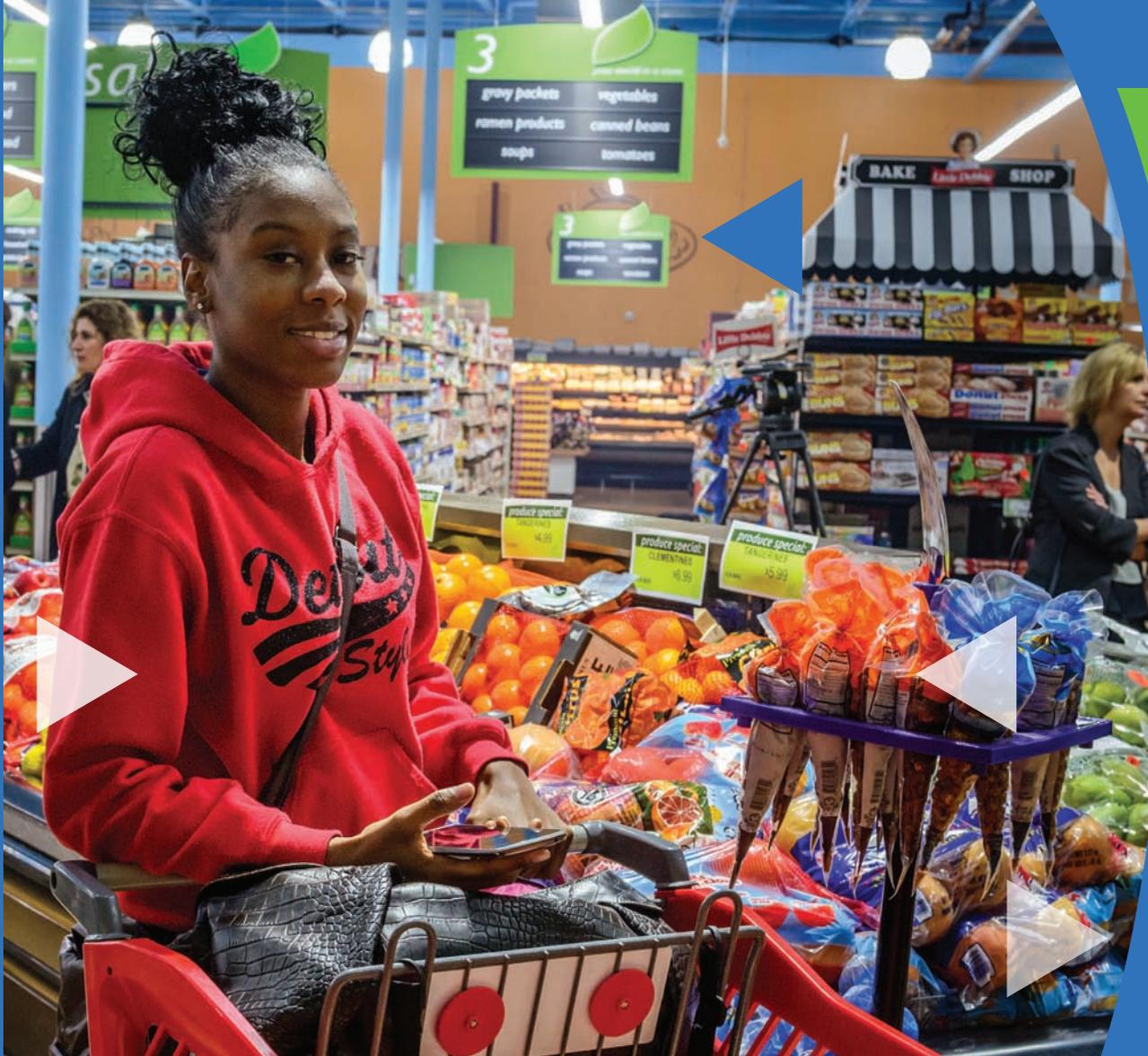
We are not negotiating if you are going to college, it's which college you are going to.

”

**Malka Borrego**  
Executive Director, Equitas Academy



Meet the (future college) students of Equitas Academy at [www.capitalimpact.org/stories](http://www.capitalimpact.org/stories)



## 🛒 Healthy Food

### **Our 2020 Focus:**

Increase access to fresh and healthy food by expanding our work in food distribution, processing and production while maintaining support for neighborhood retailers

### **Programs:**

- ▶ Age Strong
- ▶ California FreshWorks Fund
- ▶ Michigan Good Food Fund
- ▶ National Cooperative Grocers Loan Fund

“

This store makes me feel like we are not forgotten.

”

**Geraldine**  
Customer, Imperial Fresh Market



Stroll the aisles of Imperial Fresh Market's healthy offerings at [www.capitalimpact.org/stories](http://www.capitalimpact.org/stories)



# Co-Operative Development

## Our 2020 Focus:

Develop food, worker and housing co-ops through expanded national technical assistance programs, peer networks and capital delivery

## Programs:

- ▶ Co-op Innovation Award
- ▶ National Cooperative Grocers Loan Fund



This idea has potential to gain a momentum of its own and become self-generating and sustaining.



**Melissa Hoover**  
Executive Director, Democracy at Work Institute



See co-op innovation in action  
at [www.capitalimpact.org/blog](http://www.capitalimpact.org/blog)



## Place-Based Revitalization

### Our 2020 Focus:

Help revitalize and stabilize markets in Detroit's investment-ready neighborhoods by supporting equitable mixed-use, mixed-income development

### Programs:

- ▶ Detroit Neighborhoods Fund
- ▶ Woodward Corridor Investment Fund



We hope Detroit may ultimately prove to be a model city for inclusive and equitable economic development.



**Bradford Frost**

Director, Detroit Program, Capital Impact Partners



What does inclusive growth look like?  
Watch the video at [www.capitalimpact.org/blog](http://www.capitalimpact.org/blog)



# Affordable Housing

## Our 2020 Focus:

Foster housing efforts that offer opportunities to build assets while preserving long-term affordability

## Programs:

- ▶ Age Strong
- ▶ Detroit Neighborhoods Fund
- ▶ Woodward Corridor Investment Fund

“

The co-op model of ownership is an excellent solution to a basic problem.

”

Paul Bradley  
President, ROC USA



Join Paul's affordable housing crusade  
at [www.capitalimpact.org/blog](http://www.capitalimpact.org/blog)



## Dignified Aging

### **Our 2020 Focus:**

Strengthen the ability of older adults to age in their community by applying an aging lens across all of our lending programs

### **Program:**

▶ Age Strong 

“

This program has made all the difference in my life.

”

**Bettye**  
Recipient, Tarrant County Meals on Wheels Program



Experience how this program is delivering food and friends to those in need at [www.capitalimpact.org/stories](http://www.capitalimpact.org/stories)

# 2015 Growth Highlights:

**\$17**  
**MILLION**  
Unrestricted  
Net Asset **Growth**



**20%**  
**INCREASE**  
In Unrestricted  
Net Assets

**\$22**  
**MILLION**  
11% Loan  
Portfolio  
**Growth**



**0.4%**  
Delinquency  
Ratio

“As we begin to implement our 2020 Strategy, we will continue efforts to strengthen our financial position by bringing our lending more on balance sheet, actively managing expenses and implementing capitalization strategies to improve margins.”

# Expanding and Diversifying our Capital Base



**Carolyn Bauer**  
Chief Risk Officer

**Driven by another year of strong lending, Capital Impact ended 2015 with a solid financial position.**

The organization's overall portfolio increased by \$22 million or 11 percent.

This growth was matched with continued strong credit performance, as our delinquency rate was just 0.4 percent. Once again, our focus on financial strength and social impact was rewarded with AERIS' highest possible rating of AAA+1. This honor pleases us greatly.

Top-line revenue continued to grow as well. Net income rose by \$11 million—a year-over-year increase of 213 percent. Net assets saw an expected decline as a result of launching our Green

House and Cornerstone Partnership programs and the accompanied grant revenue that was used to fund those activities.

Now, as we begin to implement our 2020 Strategy, we will continue efforts to strengthen our financial position by bringing our lending more on balance sheet, actively managing expenses and implementing capitalization strategies to improve margins.

We will continue to develop and diversify our capital base by

building on our Federal Home Loan Bank of Atlanta membership to scale access to flexible capital. Also, we will explore ways to attract impact investors as a means to bolster our social impact while allowing for the ability to provide relevant returns to investors.

We have seen incredible success with these types of programs that raise capital for international projects. We intend to harness that same interest domestically as a means of creating access to the critical services

that underserved communities need to thrive. Ultimately, we believe these efforts will help us in expanding our reach and impact by 2020.



# OUR PARTNERS



## FUNDERS & DONORS

AARP  
Archstone Foundation  
Appleton Foundation  
Bill and Melinda Gates Foundation  
Cooperative Development Foundation  
First 5 Los Angeles  
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  
The Mousetrap Foundation  
National Housing Institute  
Nationwide Foundation  
Ohio Community Development Loan Fund  
Ohio Community Development Finance Fund  
Salesforce.com Foundation  
Social Innovation Fund | Corporation for National and Community Service  
SCAN Foundation  
The Robert Wood Johnson Foundation  
U.S. Department of Education

## INVESTORS

AARP Foundation  
Bank of America  
California Community Foundation  
Calvert Social Investment Foundation  
Deutsche Bank  
Dignity Health  
Federal Home Loan Bank Atlanta Cooperative  
JPMorgan Chase  
Living Cities Catalyst Fund  
Max M. & Marjorie S. Fisher Foundation  
Metropolitan Life  
Merrill Lynch  
Morgan Stanley  
Northern Trust  
Opportunity Finance Network  
PNC Bank  
Prudential Social Insurance Program  
Rasmuson Foundation  
Self-Help Credit Union  
The California Endowment  
U.S. Bank Community Development Corporation  
U.S. Department of Treasury CDFI Fund  
U.S. Department of Treasury | Small Business Lending Fund  
W.K. Kellogg Foundation  
Wells Fargo Bank

## PARTNERS

Alzheimer's Association  
American Health Care Association  
American Medical Directors Association  
Arkansas Division of Aging & Adult Services  
Beneficial State Bank  
California Department of Health Services  
California Charter Schools Association  
California Primary Care Association  
California School Finance Authority  
Capital Link  
Center for Community Progress  
Centers for Medicare and Medicaid Services  
CFED  
Chi Partners  
City of Detroit  
Clearinghouse CDFI  
CoMetrics  
Community Development Association of Detroit  
Community Health Center Capital Fund  
Community Reinvestment Fund  
Data Driven Detroit  
Detroit CDFI Coalition  
Detroit Development Fund  
Detroit Economic Growth Corporation

Detroit Future City  
Democracy at Work Institute  
District of Columbia, Office on Aging  
EdTec  
ExED  
Fannie Mae  
Federal Housing Finance Administration  
Federal Reserve Bank of San Francisco  
Flagstar Bank  
Freddie Mac  
Grantmakers for Effective Organizations  
Habitat for Humanity International  
Housing Partnership Network  
Harvard University Initiative for Responsible Investment  
ICA Group, Inc.  
IFF  
Impact Community Capital  
Innovative Housing Institute  
Invest Detroit  
Kirwan Institute  
Leading Age  
Liberty Bank  
Local Initiatives Support Corporation  
Low Income Investment Fund  
Michigan Economic Development Corporation  
Michigan Lending Solutions

Midtown Detroit, Inc.  
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 Co-op Grocers  
National Cooperative Bank, NA  
National Cooperative Business Association  
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  
Nonprofit Finance Fund  
Northern California Community Loan Fund  
Northern Initiatives  
Ohio Administration on Aging  
Partners for the Common Good  
PolicyLink  
PHI National

Pioneer Network  
Reinvestment Fund  
ROC USA  
Rural Community Assistance Corporation  
Seattle Investment Fund  
Self-Help Credit Union  
The Eden Alternative  
The Partnership for Working Families  
University of Detroit Mercy  
U.S. Department of Housing and Urban Development  
U.S. Federation of Worker Cooperatives  
Urban Institute  
Wespath Division of the General Board of Pension and Health Benefits of The United Methodist Church



# BOARD OF DIRECTORS

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Business Association  
(NCBA CLUSA)**

# CAPITAL IMPACT PARTNERS AND SUBSIDIARIES CONSOLIDATED STATEMENT OF FINANCIAL POSITION

2015 (As of December 31<sup>st</sup>) and 2014

Assets (\$ Millions)	2015	2014
<b>Cash and cash equivalents—unrestricted</b> .....	\$21,896,663	\$22,973,465
<b>Cash and cash equivalents—restricted</b> .....	35,776,052	39,260,027
<b>Accounts and interest receivable</b> .....	2,123,122	1,990,401
<b>Contributions receivable</b> .....	852,811	12,296,545
<b>Investments</b> .....	4,700,914	4,754,555
<b>Investment in joint venture</b> .....	2,660,888	2,660,793
<b>Loans receivable</b> .....	180,574,691	164,914,807
<b>Less: allowance for loan losses</b> .....	-9,374,669	-9,177,796
<b>Loans receivable, net</b> .....	171,200,022	155,737,011
<b>Loans receivable - subsidiaries</b> .....	41,854,452	35,421,220
<b>Other assets</b> .....	2,728,996	2,715,301
<b>Total assets</b>	<b>\$283,793,920</b>	<b>\$277,809,318</b>
<b>Liabilities and Net Assets</b>		
<b>Liabilities</b>		
<b>Accounts payable and accrued expenses</b> .....	\$4,045,327	\$4,028,078
<b>Revolving line of credit</b> .....	32,800,000	24,950,000
<b>Notes payable</b> .....	61,250,300	67,637,569
<b>Subordinated debt</b> .....	10,718,000	8,218,000
<b>Bond loan payable</b> .....	5,859,705	
<b>Notes payable—subsidiaries</b> .....	41,291,448	35,436,546
<b>Total liabilities</b>	<b>155,964,780</b>	<b>140,270,193</b>
<b>Net Assets</b>		
<b>Unrestricted</b> .....	101,244,487	84,554,160
<b>Temporarily restricted</b> .....	25,097,178	51,497,490
<b>Permanently restricted</b> .....	1,487,475	1,487,475
<b>Total net assets</b>	<b>127,829,140</b>	<b>137,539,125</b>
<b>Total liabilities and net assets</b>	<b>\$283,793,920</b>	<b>\$277,809,318</b>

Full financials available at: [www.capitalimpact.org/annualreport/2015.php#Financials](http://www.capitalimpact.org/annualreport/2015.php#Financials)



# Farewell, But My Commitment Continues

## **Terry Simonette**

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As I think about my 32 years with Capital Impact Partners, I am overwhelmed when I consider the thousands of stakeholders that have made contributions to our work of helping people and communities across the country reach their highest potential.

This army of people and organizations, all part of the ongoing and thriving community

development finance sector, includes partners who have worked shoulder-to-shoulder with us; investors whose capital participation helped us stand up a strategy that continues to generate high impact outcomes; foundations whose contributions increase our capacity and enable transactions that otherwise would not be possible; and our many board members whose selfless contribution of their time and talent

helped to guide us in our endeavor. In my mind, they are our real heroes.

And finally, let me single out our hundreds of staff members. These tireless individuals have dedicated their commitment and leadership to our industry. They have breathed life into our collective vision of creating a nation of communities built on a foundation of equity, opportunity and inclusiveness.

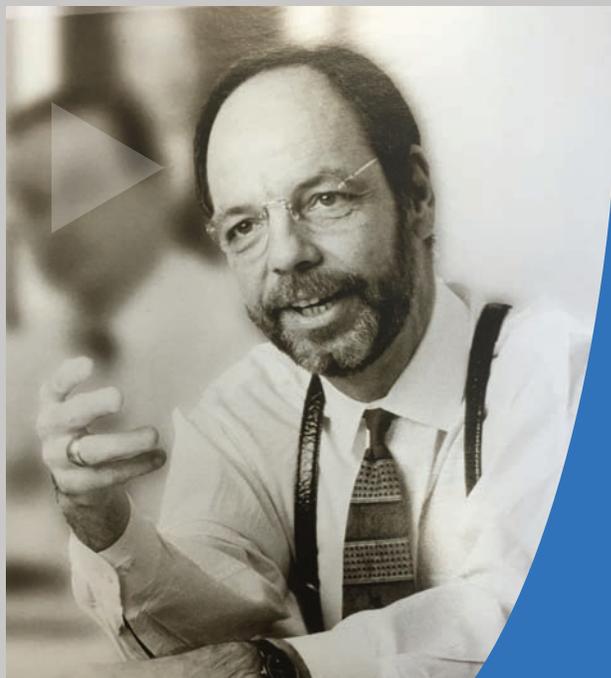
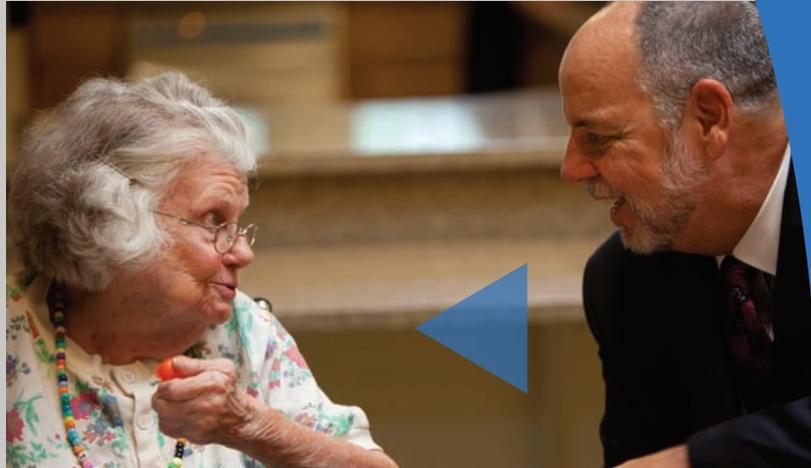
The more than 1,000 Community Development Financial Institutions in the country come in all shapes and sizes. Capital Impact Partners holds a unique niche because of our unusual beginnings with a credit culture and track record that has been built on financial rigor and discipline. We hold a continuing commitment to cooperatives, and other forms of democratic ownership, and all that they achieve for their

stakeholders. We have an ongoing appetite for investment in innovations that both drive our organization to excel and also provide important leadership and impetus for our industry.

I count myself exceptionally fortunate to have been part of this group of people across the country who continue to stand up for social justice and who imagines a world that enables all of us to succeed. I certainly will

be farther back in the ranks of this army in the future, but for sure, I will continue to be a proud member of this movement and support it in every way that I can.

**Thank you for the opportunity to know and work with all of you. It has meant more to me than you can imagine.**



“

I count myself exceptionally fortunate to have been part of this group of people across the country who continue to stand up for social justice and who imagine a world that enables all of us to succeed.

”

# TRANSFORMING UNDERSERVED COMMUNITIES INTO STRONG, VIBRANT PLACES OF OPPORTUNITY



CAPITAL IMPACT  
PARTNERS

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