

INCLUSIV/CAPITAL

THIRD QUARTER 2024

IMPACT INVESTMENTS REPORT



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HELPING LOW-AND MODERATE INCOME PEOPLE AND COMMUNITIES ACHIEVE FINANCIAL INDEPENDENCE THROUGH CREDIT UNIONS



ABOUT INCLUSIV/CAPITAL

Inclusiv is the national CDFI intermediary for credit unions. Inclusiv mobilizes capital and invests in mission-driven credit unions to bridge access and credit gaps to strengthen financial inclusion, resiliency and ownership in underinvested communities.

Since the program's inception in 1982, Inclusiv has invested more than \$450 million in CDCUs and cooperativas to provide safe and trusted financial services, asset building and wealth creation through small business lending and affordable homeownership.

ABOUT THIS REPORT

As a mission-driven organization, Inclusiv reports our impact in terms of both financial and social metrics. Inclusiv is a non-profit membership organization and certified community development financial intermediary and our financial structure is comprised of several activities.

We report our statement of activities as a non-profit corporation, reflecting revenues and expenses in the areas of program, investment, consulting and administrative. The information contained in this report is based on preliminary, unaudited financial statements.

COMMUNITY DEVELOPMENT CREDIT UNIONS BRIDGE OPPORTUNITIES, BUILD ASSETS & DRIVE IMPACT



INCLUSIV'S MEMBERSHIP INCLUDES:

- **517 COMMUNITY DEVELOPMENT CREDIT UNIONS**
- **254 MINORITY DEPOSITORY INSTITUTION CREDIT UNIONS & COOPERATIVAS**
- **21.4 MILLION COMMUNITY MEMBERS SERVED**
- **\$314.3 BILLION IN COMMUNITY CONTROLLED ASSETS**



FINANCIAL OVERVIEW

As of September 30, 2024, Inclusiv held \$119.2 million in assets, an increase of 16% from the prior year. Inclusiv managed \$186.4 million in investments in community development credit unions and cooperatives. All investments, excluding loan participations and deposits placed through the Inclusiv Social Impact Deposits Platform, are reported on our balance sheet.

Revenues and expenses related to these investments are also separately reported on our income statement.

As of September 30, 2024 Inclusiv reported \$11.2 million in unrestricted net income. Net interest income generated by Inclusiv/Capital and Inclusiv/Mortgage was \$1.3 million.

OPERATING RESULTS

REVENUES

At the end of the third quarter, Inclusiv reported \$22.5 million in revenue. Revenue streams reflect Inclusiv's organization and impact model as a non-profit organization, CDFI intermediary and association for mission driven credit unions.

Revenue was comprised of the following:

- Grants & Contributions: \$15.3 million
- Inclusiv Capital/ Mortgage Interest Income: \$3.2 million
- Membership Dues: \$1.5 million
- Annual Conference Registration and Sponsorships: \$1.5 million

OPERATING EXPENSES & PROGRAM INVESTMENTS

Operating expenses cover all the direct costs of Inclusiv's programs and initiatives, management and investments in our member CDCUs.

Inclusiv reported total expenses of \$11.3 million, which is on track with Inclusiv's year-to-date budget.

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September 30, 2024				
	9/30/2024	9/30/2023	Change \$	Change %
Total Assets	119,151,130	102,304,632	16,846,498	16%
Total Liabilities	75,501,503	67,666,928	7,834,575	12%
Total Net Assets	43,649,626	34,637,704	9,011,922	26%
Net Asset Ratio	37%	34%	3%	8%
Unrestricted Net Income	11,242,980	3,979,441	7,263,539	183%

STATEMENT OF POSITION

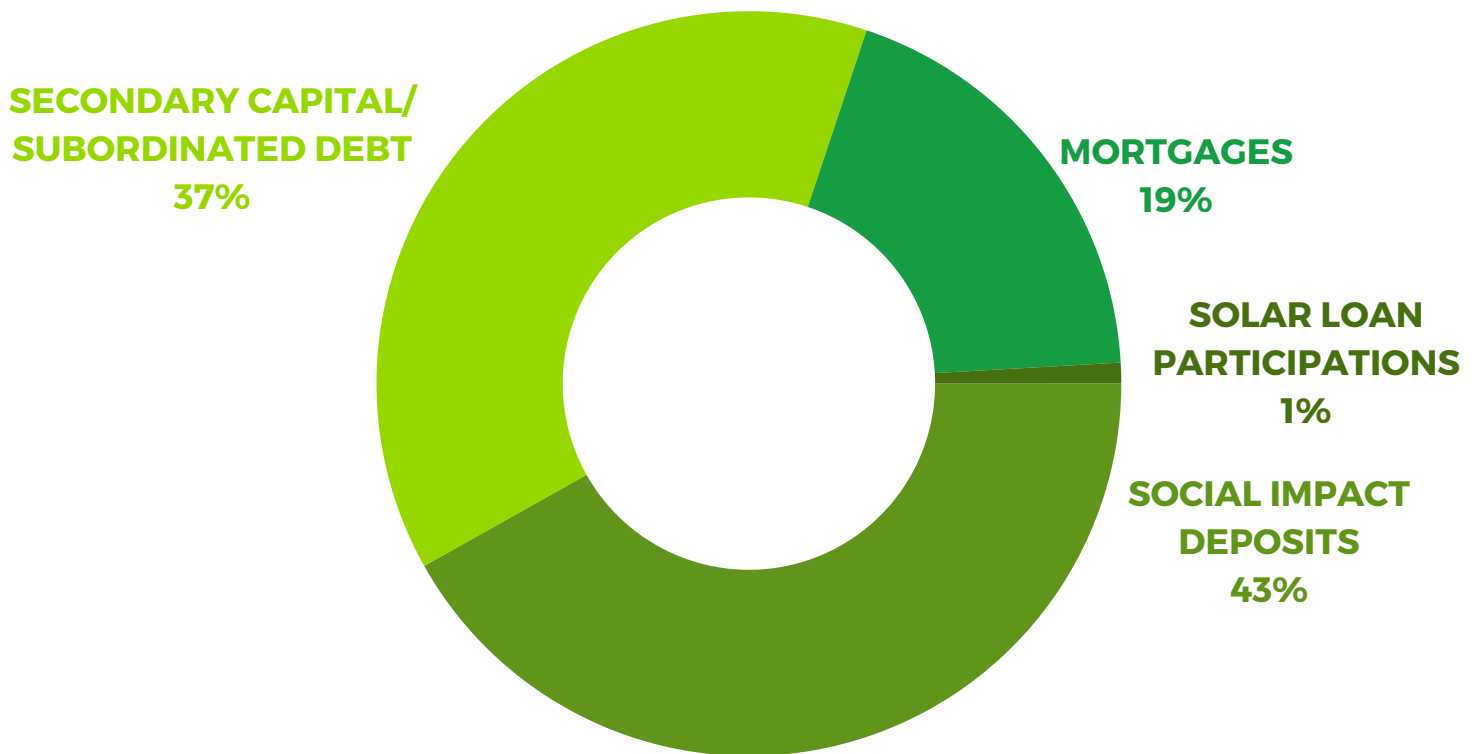
Inclusiv's total assets were \$119.2 million at the end of September 30, 2024, an increase of 16% over the prior year. Of these assets, Inclusiv held the following assets on its balance sheet: \$3.9 million in social impact (non-member) deposits; \$22.2 million in subordinated debt/grandfathered secondary capital; \$28.8 million in mortgages; \$1.4 million in solar loan participations; and \$30.9 million in cash & cash equivalents.

Inclusiv also managed servicing for the following investments in community development credit unions:

\$60.3 million in social impact deposits, \$4.6 million in secondary capital loan participations to National Cooperative Bank, and \$29.5 million in secondary capital through the Inclusiv Secondary Capital Fund LLC, of which Inclusiv is the managing member. Inclusiv holds \$5.0 million in preferred equity from the Kresge Foundation related to the aforementioned Fund.

Total liabilities at the end of the third quarter were \$75.5 million. Net assets at the end of the quarter were \$43.6 million, including 32.9% in unrestricted net assets (net asset ratio of 37%).

INCLUSIV/CAPITAL PORTFOLIO AS OF SEPTEMBER 30, 2024



\$150.7 MM

INVESTMENTS
UNDER
MANAGEMENT

458

INVESTMENTS

\$62.7 MM

INVESTMENTS &
COMMITMENTS

SOCIAL IMPACT DEPOSITS

INCLUSIV IMPACT DEPOSIT FUND EXCEEDS \$100 MILLION GOAL TO CATALYZE FINANCIAL INCLUSION AND IMPACT LENDING

As trusted partners that are owned by and design products to serve communities, more and more households are turning to CDCUs for their safe and affordable financial services and opportunities to build assets. Nearly eighty cents of each dollar of shares and deposits are used to provide loans to underinvested members and small businesses across the country.

Inclusiv recently announced Yield Giving, MacKenzie Scott's charitable organization, has made a grant of \$9 million to the organization. This grant will enable Inclusiv to deploy high-impact capital, specifically impact deposits and lending secondary markets, to community development credit unions delivering financial inclusion, homeownership, small business

and climate-related investments in low-income and historically disinvested communities across the country. The funds will catalyze high-impact lending in historically redlined and disinvested communities across the country, including U.S. territories.

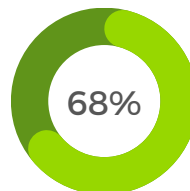
Joining pioneering investors such as Kataly Foundation and Bank of America, the Inclusiv Impact Deposits Fund connects cross-sectoral investors to opportunities to invest in asset building and wealth creation in underbanked communities. Social Impact Deposits provides needed liquidity that expands credit unions' capacity to advance financial inclusion, narrow the racial wealth gap by creating equitable homeownership and small business opportunity, and spur the adoption of clean energy technology.

SOCIAL IMPACT DEPOSITS PLATFORM: IMPACT AT A GLANCE

1,444,837
MEMBERS SERVED



LOW-INCOME
EARNING
COMMUNITIES



LED BY AND SERVE
COMMUNITIES OF
COLOR

HOW DO SOCIAL IMPACT DEPOSITS IMPACT COMMUNITIES?

CDCUS REINVEST DEPOSITS TO CREATE WEALTH LOCALLY BY MAKING AFFORDABLE LOANS TO EXPAND HOMEOWNERSHIP, SMALL BUSINESSES, ENVIRONMENTAL SUSTAINABILITY AND SAFE AND AFFORDABLE ACCESS TO CREDIT.



32,416 HOMEOWNERS
\$4.8 BILLION IN MORTGAGES
55% OFFER FIRST-TIME HOMEBUYER PROGRAMS



\$1.5 BILLION IN LOANS
3,294 SMALL BUSINESSES AND LOCAL DEVELOPMENT PROJECTS



55% OFFERING/ PROCESS OF DEVELOPING GREEN AND RENEWABLE ENERGY LOANS

CDCU IMPACT: LAKOTA FCU

CREATING THRIVING COMMUNITIES AND LOCAL ECONOMIES



Designations: Native American · CDFI · Low-Income
Total Assets: \$15.9 million
Total Loans: \$6.4 million
Total Members: 4,248
Location: Kyle, SD



With the mission of “empowering dreams, enriching community,” Lakota Federal Credit Union is the first federally-insured financial institution on the 2.2 million acre Pine Ridge Reservation. Organized by Tawney Brunsch, Executive Director, Lakota Funds, with the support of Lakota Funds and other Native American owned credit unions, Lakota FCU strives to support the Lakota people and the communities they live in achieve financial security and well-being. These financial services are part of a larger framework of partnerships and services to designed “to help the Oglala Lakota Oyate (people) achieve their financial goals, and in turn help the local economy on the Pine Ridge Reservation to thrive.”

Studies have estimated between 36% to nearly 60% of the population of Pine Ridge Reservation is unbanked. Further, there’s also a shortage of

housing, with an estimated 1,500 to 1,700 housing units required to meet the needs of the American Indian and Alaska Native population. This number does not capture those who already left the reservation to obtain housing elsewhere.

Meeting People Where They Are

One of the unmet opportunities in serving Pine Ridge has been designing sustainable services and effective ways to build trust and financial capabilities across the Reservation. In addition to its digital banking services, Lakota FCU utilizes innovative approaches such as its mobile banking bus to meet people where they are and provide full financial services at locations throughout the Reservation.

Photo Credit: Lakota FCU



INNOVATIVE SOLUTIONS CELEBRATING CULTURE AND MEETING PEOPLE WHERE THEY ARE

Lakota FCU utilizes innovative approaches such as its mobile banking bus to meet people where they are and provide full financial services at locations throughout the Reservation. The ledger artwork used for the wrap on LFCU’s mobile bus was created by Wade Patton, Oglala Lakota artist.

CDCU IMPACT: LAKOTA FCU

CREATING THRIVING COMMUNITIES AND LOCAL ECONOMIES



Designations: Native American · CDFI · Low-Income
Total Assets: \$15.9 million
Total Loans: \$6.4 million
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Location: Kyle, SD



Expanding Partnerships and Opportunities for Prosperity

Building upon the success in Pine Ridge, the credit union expanded its services to strengthen wealth building and homeownership opportunities beyond the Reservation. The Credit Union's Board and Staff extended its field of membership to alleviate poverty or economic distress in Rosebud Reservation and tribal lands of Jackson County and all of Oglala Lakota, Bennett, Todd, Mellette, Trip, and Gregory Counties in South Dakota.

Shayna Ferguson, Manager/ CEO of Lakota Federal Credit Union, is committed to deepening outreach to the Oglala and Rosebud Sioux Tribes and the Lakota Nation to utilize the products and services tailored to their communities. She works to bring awareness of homeownership and to reimagine possibilities for ownership and wealth building on the Reservation. Shayna is one of the co-founding members of the Native American Credit Union Coalition, a newly formed group of "Native American professionals and credit unions serving Indigenous populations to advocate and share best practices to strengthen [Native American] communities and honor [Native American] heritage and values."

In 2021, Lakota FCU and Lakota Funds launched their homeownership initiative and collaborations to Native American homeownership. Through these innovative partnerships and the credit union's deep expertise, Lakota FCU became the first Native CDFI to gain lending approval from USDA Rural Development's Single-Family Housing Guaranteed Loan Program. Further, Lakota FCU is a founding member of the South Dakota Native Homeownership Coalition,



Shayna Ferguson, Manager/ CEO of Lakota Federal Credit Union (left) with Tawney Brunsch, Executive Director of Lakota Funds and Lead Organizer of Lakota Federal Credit Union at the inaugural Native American Financial Institutions Convening.

"a collaborative group of key agencies dedicated to increasing homeownership opportunities for Native Americans in the state of South Dakota."

Lakota FCU is one of seven CDFI certified Native American credit unions and sixty-four certified Native American owned CDFIs. Since 2021, the credit union has partnered to bring homeownership opportunities to more than 20 Native American households.

CURRENT PORTFOLIO

SECONDARY CAPITAL & SUBORDINATED DEBT

BUILDING EQUITY BY CATALYZING COMMUNITY-CENTERED GROWTH

Inclusiv/Capital manages a total of \$56.2 million in secondary capital and subordinated debt to strengthen CDCU asset and wealth building initiatives for communities that are underserved by mainstream financial institutions. Secondary capital, a form of subordinated debt, is a loan that is treated as equity capital for regulatory purposes. These investments catalyze sustainable growth and inclusive community impact initiatives.

These loans support the capital position of credit unions, enabling them to leverage deposits on a 10:1 basis to increase capital and build stronger, vibrant local economies.

Inclusiv's portfolio includes two funds—the Southern

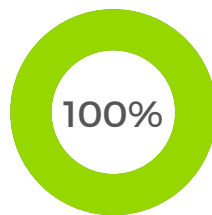
Equity Fund and Racial Equity Investment Fund which are comprised of investments in 27 CDCUs and cooperativas that represent \$16.6 billion in community-owned assets. One hundred percent of these funds are directly invested into communities earning low incomes: more than 50% of CDCUs and cooperativas engaged in this initiative are minority depository institutions and are led by and/ or serve primarily communities of color.

Members engaging in Inclusiv/Capital subordinated debt initiatives use the funds to sustain growth, expand markets and reach into underinvested communities, and innovate and scale products designed to enable under-resourced communities and small businesses to strengthen their economic mobility.

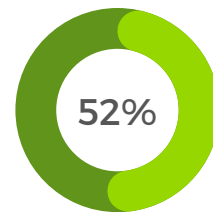
SUBORDINATED DEBT: IMPACT AT A GLANCE

SUSTAINING GROWTH · EXPANSION INTO UNDERINVESTED COMMUNITIES · INNOVATE AND SCALE SOLUTIONS TO BUILD VIBRANT LOCAL ECONOMIES

1,298,065
MEMBERS SERVED



LOW-INCOME
EARNING
COMMUNITIES



LED BY AND SERVE
COMMUNITIES OF
COLOR

FOR CDCUS AND COOPERATIVAS, EQUITY IS MORE THAN A LINE ON THE BALANCE SHEET, IT IS CATALYTIC CAPITAL THAT CAN DEEPEN COMMUNITY RESILIENCE AND THRIVING.



31,838 HOMEOWNERS
\$5.1 BILLION IN MORTGAGES
59% OFFER FIRST-TIME HOMEBUYER PROGRAMS



\$1.87 BILLION IN LOANS
3,869 SMALL BUSINESSES AND LOCAL DEVELOPMENT PROJECTS



48% OFFERING GREEN AND RENEWABLE ENERGY LOANS

60X

EACH DOLLAR IS REINVESTED IN COMMUNITY LOANS SIXTY TIMES OVER A 5-YEAR PERIOD

CDCU IMPACT: CLEAN ENERGY FCU

PROMOTING CLEAN ENERGY, ENVIRONMENTAL STEWARDSHIP & COOPERATIVE SERVICES THROUGH FINANCIAL SERVICES



Designations: Low-income
Total Assets: \$66.8 million
Total Members: 9,855
Location: Englewood, CO



Though climate change impacts us all, underinvested communities are disparately affected by severe weather and other natural disasters. According to the Department of Energy, the national average energy burden for low-income households is three times higher than for non-low-income households. Historically redlined communities experience the highest energy burdens, with Black and Native American households spend about 45% more of their income on energy costs than non-Hispanic white households.

Clean Energy Credit Union is dedicated to financing clean energy projects for consumers. Inclusiv and other leading organizations Kresge Foundation and Natural Investments recently invested subordinated debt in Clean Energy CU.

This strategic partnership will enable Clean Energy CU to expand its lending capacity and further empower people across the U.S. to invest in clean energy projects and initiatives.

Clean Energy CU will utilize its enhanced lending capabilities to expand financing opportunities for a wide range of clean energy projects, including solar PV installations and home energy efficiencies. The capital will also support the expansion of its Clean Energy For All Loan program, enabling the credit union to offer more financing solutions to Marginalized communities and low-income households seeking home energy efficiency upgrades and clean energy projects. By increasing access to affordable financing, CDCUs like Clean Energy CU drive sustainable investments that benefit both the environment and local economies.



INCREASING ACCESS TO GREEN ENERGY:

By leveraging the support of impact investors and foundations, Clean Energy CU continues to lead the charge towards a more sustainable and equitable future for all.

"We are thrilled to have the support of these organizations and investors", said Terri Mickelsen, CEO of Clean Energy CU. "Their commitment to environmental and social impact aligns perfectly with our mission to provide accessible and affordable financing options for clean energy projects. This partnership will strengthen our ability to serve our members and drive positive change."

CURRENT PORTFOLIO

INCLUSIV/ MORTGAGE:

BUILDING GENERATIONAL WEALTH AND EQUITY THROUGH HOMEOWNERSHIP

As of September 30, 2024, the Inclusiv/ Mortgage portfolio was comprised of \$28.8 million in mortgages, providing affordable homeownership and wealth building opportunities to 188 households across the country.

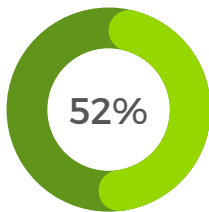
Inclusiv/ Mortgage serves to narrow the wealth gap by providing capital and training to CDCUs to strengthen their capabilities to provide affordable homeownership opportunities to underrealized members of the community. Homeowners with mortgages financed through Inclusiv/Mortgage

increased their equity by \$20.8 million, moving households forward on pathways to build intergenerational wealth.

Credit unions and partners participating in Inclusiv/Mortgage provide equitable homebuyer products and programs including those designed for Low-to Moderate income, ITIN, and First time Homebuyers by offering flexible program criteria, fair rate structures and reduced mortgage insurance requirements.

INCLUSIV/ MORTGAGE: IMPACT AT A GLANCE

**\$28.5
MILLION**



**HOMEOWNERS
OF COLOR**



**188
HOMEOWNERS**



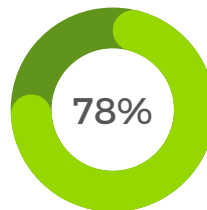
**\$20.4 MILLION
INCREASE IN EQUITY**



**\$109K AVERAGE
INCREASE IN EQUITY
PER HOMEOWNER**



23 STATES



**LOW- AND
MODERATE INCOME
EARNING
BORROWERS**

ABOUT INCLUSIV



CONTACT US:
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Inclusiv helps low- and moderate-income people and communities achieve financial independence. Inclusiv is a certified community development financial institution (CDFI) intermediary that provides capital, builds capacity, develops innovative products and services and advocates for the community development credit unions in our network.

With more than 500 credit union members holding over \$314 billion in community-controlled assets, Inclusiv's network serves 21.4 million residents of low-income urban, rural and reservation-based communities across the US.

Founded in 1974, Inclusiv is headquartered in New York, NY, with offices in Madison, WI, Atlanta, GA, and San Juan, PR.

