

INCLUSIV/CAPITAL

SECOND QUARTER 2024

IMPACT INVESTMENTS REPORT



/ inclusiv /

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 cooperatives 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:

- 512 COMMUNITY DEVELOPMENT CREDIT UNIONS
- 259 MINORITY DEPOSITORY INSTITUTIONS & COOPERATIVAS
- 21.2 MILLION COMMUNITY MEMBERS SERVED
- \$310.2 BILLION IN COMMUNITY CONTROLLED ASSETS

FINANCIAL OVERVIEW

As of June 30, 2024 Inclusiv held \$106.1 million in assets, an increase of 6% from the prior year. Inclusiv managed \$140.6 million in investments in community development credit unions and cooperativas. 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 June 30, 2024 Inclusiv reported \$1.6 million in unrestricted net income. Net interest income generated by Inclusiv/Capital and Inclusiv/Mortgage was \$0.6 million.

OPERATING RESULTS

REVENUES

At the end of the second quarter, Inclusiv reported \$8.4 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: \$3.3 million
- Inclusiv Capital/ Mortgage Interest Income: \$1.8 million
- Membership Dues: \$1.0 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 \$6.8 million.

Expenses were \$0.9 million (12%) under budget as additional hirings and program related expenses incurred later than anticipated. Additionally, conference related expenses were lower than initially forecasted.

/ inclusiv /				
June 30, 2024				
	6/30/2024	6/30/2023	Change \$	Change %
Total Assets	106,060,210	99,869,718	6,190,492	6%
Total Liabilities	72,436,513	68,206,605	4,229,908	6%
Total Net Assets	33,623,697	31,663,114	1,960,584	6%
Net Asset Ratio	32%	32%	(0)	0%
Unrestricted Net Income	1,583,828	603,929	979,899	162%

STATEMENT OF POSITION

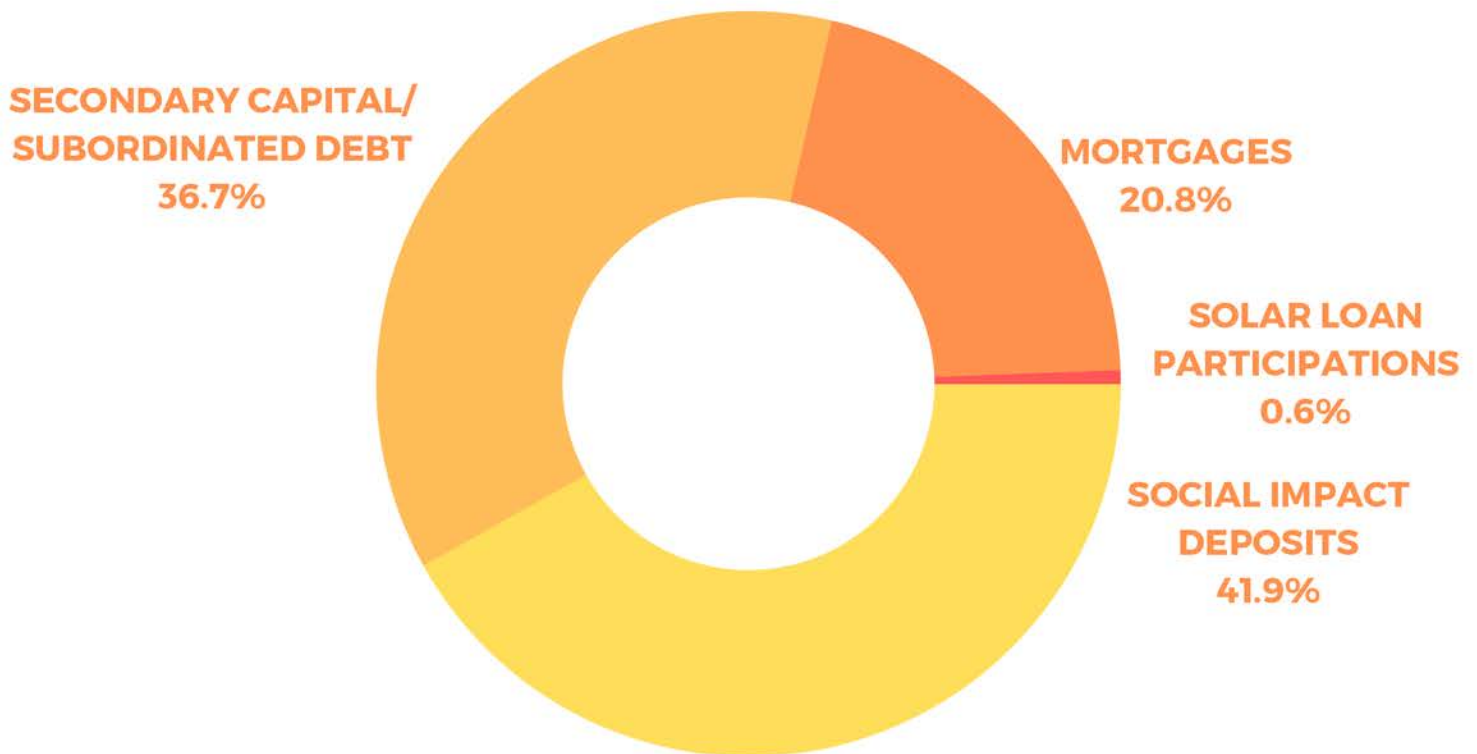
Inclusiv's total assets were \$106.1 million as of the end of June 30, 2024, an increase of 6% over the prior year. Of these assets, Inclusiv held the following assets on its balance sheet: \$3.6 million in social impact (non-member) deposits; \$51.6 million in subordinated debt/grandfathered secondary capital; \$29.3 million in mortgages; \$0.9 in solar loan participations; and \$18.2 million in cash & cash equivalents.

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

\$55.3 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 second quarter were \$72.4 million. Net assets at the end of the quarter were \$33.6 million, including \$23.2 million in unrestricted net assets (net asset ratio of 32%).

INCLUSIV/CAPITAL PORTFOLIO AS OF JUNE 30, 2024



\$145.2 MM

INVESTMENTS
UNDER
MANAGEMENT

430

INVESTMENTS

\$55.5 MM

INVESTMENTS &
COMMITMENTS

CURRENT PORTFOLIO

REFLECTING ON OUR HISTORY- EXPANDING OUR ROOTS INCLUSIV LAUNCHES \$100 MILLION IMPACT DEPOSITS FUND

Inclusiv was organized fifty years ago in response to the War on Poverty and other social movements. The past few years have illuminated the impact of CDCUs in advancing resiliency bringing reimagined opportunities for overlooked communities. As part of Inclusiv's 50th anniversary, Inclusiv launched the Impact Deposits Fund that will raise and deploy \$100 million of social impact deposits in CDCUs and cooperativas to grow and deepen their impact in historically redlined and other excluded communities.

Joined by pioneering investors Kataly Foundation and Bank of America, Inclusiv has raised \$90 million in commitments and funding. Inclusiv will use the Impact Deposits Fund to demonstrate the opportunity for social impact investors, corporations and philanthropy to invest directly in and with underinvested communities.

Deposits provide vital loan capital to fuel lending by community development credit unions. CDCUs provide important banking services to help people with low incomes build savings and wealth. CDCUs reinvest deposits locally through affordable loans to expand homeownership, finance small businesses, foster climate resiliency, and support financial security. The Fund will provide needed liquidity to credit unions working to meet their communities' credit needs on terms designed to support mission-driven, affordable lending in historically redlined and under-resourced communities.

As of June 30, 2024, Inclusiv has facilitated more than \$270 million in social impact deposits to strengthen community-based lending, asset building and wealth creation through CDCUs.

SOCIAL IMPACT DEPOSITS PLATFORM: Q2 2024 IMPACT AT A GLANCE

1.4 MILLION
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.



32,000+ HOMEOWNERS
\$4.8 BILLION IN MORTGAGES
53% OFFER FIRST-TIME HOMEBUYER PROGRAMS



\$1.4 BILLION IN LOANS
3,200+ SMALL BUSINESSES AND LOCAL DEVELOPMENT PROJECTS



47% OFFERING/ PROCESS OF DEVELOPING GREEN AND RENEWABLE ENERGY LOANS

CDCU IMPACT PROFILE: NORTHEAST COMMUNITY FCU

BUILDING TRUST AND ADVANCING ECONOMIC REVITALIZATION

Designations: Low-income · CDFI · Minority Depository Institution

Total Assets: \$15.6 million

Total Members: 1,018

Location: San Francisco, CA



Located a few miles away from Fortune 500 companies and financial firms in San Francisco, Northeast Community Federal Credit Union serves the neighborhoods of Chinatown and Tenderloin, where nearly one-third of residents live below the poverty line and more than 50% of their members were unbanked or underbanked before joining the credit union.

During the pandemic, business owners in Chinatown experienced 70% losses in revenue because of the pandemic and rise in anti-Asian hate crimes and racism. Northeast Community was an integral partner to the City of San Francisco in providing pandemic relief.

As an agent for community revitalization and development, Northeast Community has cultivated trust by developing culturally nuanced services to reach deeply into overlooked communities, especially those with low-income earning residents and members with Limited English Proficiencies (LEP). The credit union invested in expanding their efforts to serve other marginalized groups. NEFCU launched the first CDCU tri-lingual mobile app, offering culturally nuanced services in Chinese, English and Spanish.



Photo by Portia Li, Wind Newspaper

More than 99% of the credit union's loans and services are to low-income earning and communities of color.

The credit union partners with local organizations and is a trusted partner of the City and County of San Francisco's (CCSF) small business assistance program. To date, they have advanced more than \$1.4 million for anti-vandalism, construction, and business training to 414 small businesses and another \$1.0 million in credit advances and loans to borrowers and local small businesses.

"THE INCLUSIV SECONDARY CAPITAL INVESTMENT GAVE US THE RESOURCES NECESSARY TO AMEND OUR REAL ESTATE AND SMALL BUSINESS LOAN POLICIES AS WE RAMP UP TO DEPLOY \$10 MILLION IN LOANS."

DURING THE PAST YEAR, NORTHEAST COMMUNITY FCU PROVIDED \$2.52 MILLION IN LOANS AND ADVANCES TO SMALL BUSINESSES AND LAUNCHED THE FIRST TRI-LINGUAL MOBILE APP TO PROVIDE ACCESSIBLE AND CULTURALLY NUANCED SERVICES TO UNDERSERVED MEMBERS.

NORTHEAST COMMUNITY FCU IS A PART OF THE INCLUSIV RACIAL EQUITY INVESTMENT FUND AND SOCIAL IMPACT DEPOSITS INITIATIVE.

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 Funds which is comprised of investments in 29 CDCUs and cooperativas that represent \$16.5 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.

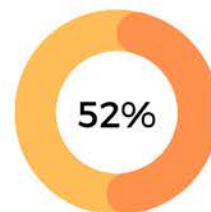
SUBORDINATED DEBT: IMPACT AT A GLANCE

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

1.3 MILLION
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.



30,000+ HOMEOWNERS
\$5.9 BILLION IN MORTGAGES
**56% OFFER FIRST-TIME
HOMEBUYER PROGRAMS**



\$1.8 BILLION IN LOANS
**3,500+ SMALL BUSINESSES AND
LOCAL DEVELOPMENT PROJECTS**



**50% OFFERING GREEN AND
RENEWABLE ENERGY LOANS**

60X

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

CURRENT PORTFOLIO

INCLUSIV/ MORTGAGE:

BUILDING GENERATIONAL WEALTH AND EQUITY THROUGH HOMEOWNERSHIP

As of June 30, 2024, the Inclusiv/ Mortgage portfolio was comprised of \$29.3 million in mortgages, providing affordable homeownership and wealth building opportunities to 190 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



191 HOMEOWNERS
\$28.9 MILLION



51%
people of color



\$20.8 MILLION
INCREASE IN
EQUITY



23
STATES



28%
low-income
borrowers



\$109K
AVERAGE INCREASE IN
EQUITY
PER HOMEOWNER



49%
moderate-income
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 \$301.9 billion in community-controlled assets. Inclusiv's network serves 20.6 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.

