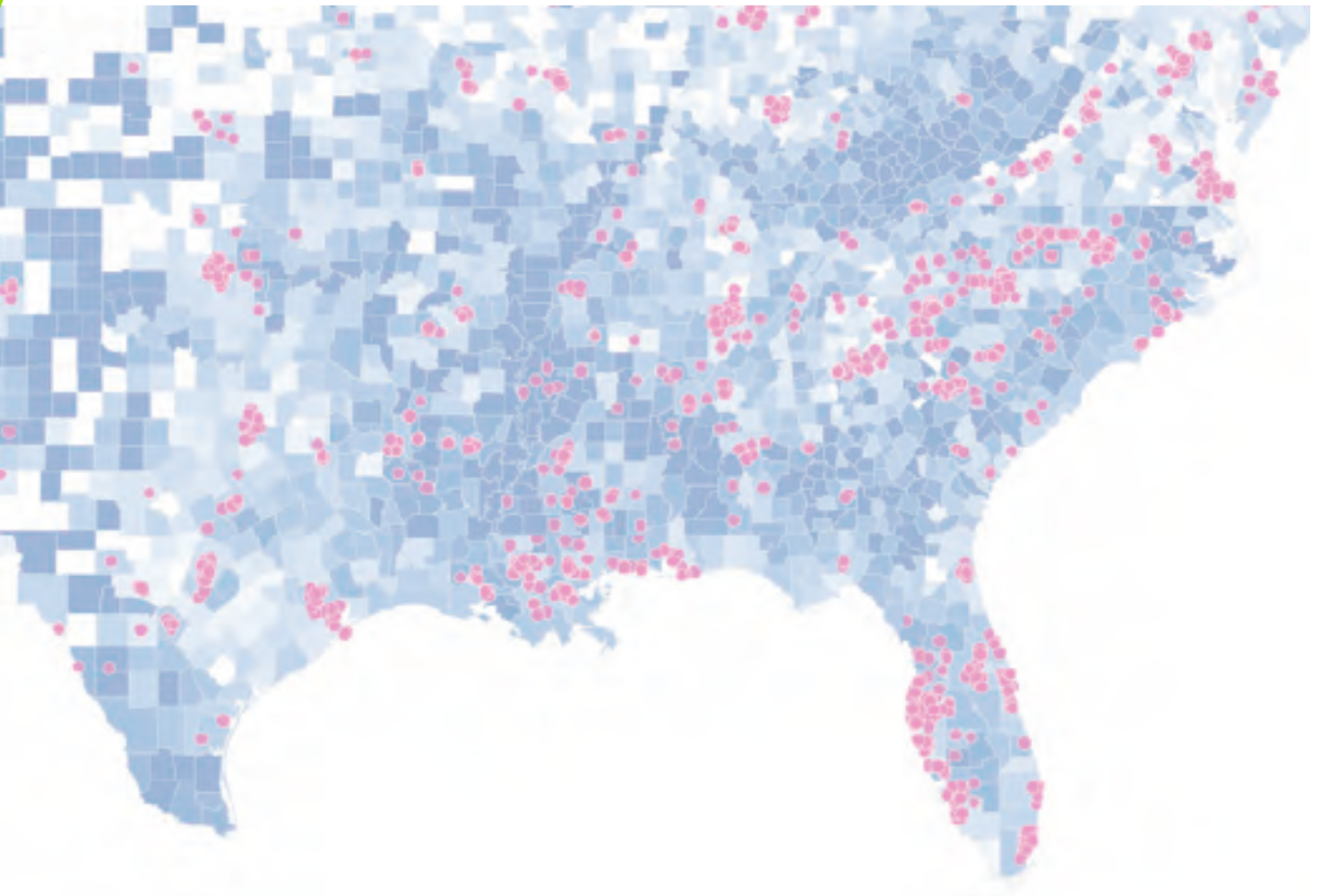


SOUTHERN EQUITY FUND

PROMOTING ECONOMIC MOBILITY
PRESERVING AND BUILDING DIVERSITY IN
COMMUNITY-CONTROLLED AND BASED CREDIT UNIONS



/ inclusiv /

SECONDARY CAPITAL FUND, LLC
ANNUAL REPORT 2023



SOUTHERN EQUITY FUND

Launched in 2019, the Inclusiv Southern Equity Fund is the first impact fund designed for community development credit unions. This innovative fund invests capital in credit unions serving low-income earning and communities of color in 17 states, including Alabama, Arkansas, Delaware, Florida, Georgia, Kentucky, Louisiana, Maryland, Mississippi, Missouri, North Carolina, Oklahoma, South Carolina, Tennessee, Texas, Virginia and West Virginia.

The Fund is designed to promote economic mobility among low-wealth and underserved communities, to preserve and build diversity in community owned and controlled financial services, and to increase the impact of scalable institutions throughout the American South.

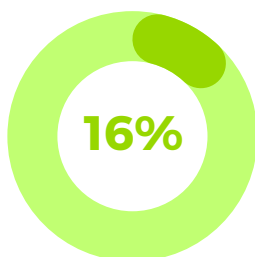
The Fund makes investments of up to \$5 million in secondary capital loans to high-impact community development credit unions (CDCUs).

The Kresge Foundation, a private, national foundation that builds and strengthens pathways to opportunity for low-income people in America's cities, joined Inclusiv as a limited partner of the Fund. National Cooperative Bank, Bank of America, MetLife, and Prudential Financial, Inc. are investors in the Inclusiv Southern Equity Fund

2023 IMPACT

- 12 STATES
- 50% MINORITY DEPOSITORY INSTITUTIONS
- 646,697 MEMBERS SERVED
- \$8.8 BILLION IN COMMUNITY-BASED AND CONTROLLED ASSETS
- \$6.7 BILLION IN COMMUNITY BASED LOANS
- \$2.7 BILLION IN MORTGAGES
- \$1.9 BILLION IN LOANS TO SMALL BUSINESSES

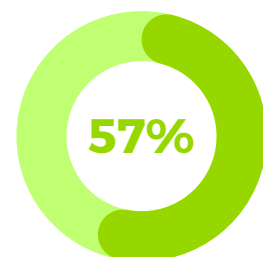
THE SOUTHERN EQUITY FUND HAS CATALYZED THE GROWTH AND IMPACT OF CDCUS SERVING COMMUNITIES EXPERIENCING POVERTY AND HIGH RACIAL WEALTH GAPS. INVESTEEES ALSO REPORTED SIGNIFICANT GROWTH SINCE FUNDING:



ASSET GROWTH



LOAN GROWTH



NET WORTH GROWTH

Inclusiv Secondary Capital Fund, LLC

**Statements of Assets, Liabilities and Members' Capital
December 31, 2023 and 2022**

	<u>Assets</u>	
	<u>2023</u>	<u>2022</u>
Cash	\$ 77,958	\$ 262,319
Interest receivable	239,775	166,749
Notes receivable - subordinated debt, net	<u>29,391,837</u>	<u>29,500,000</u>
Total assets	<u>\$ 29,709,570</u>	<u>\$ 29,929,068</u>
	<u>Liabilities and Members' Capital</u>	
Liabilities		
Accounts payable and accrued expenses	\$ -	\$ 55,625
Accrued interest payable	-	213,189
Notes payable	<u>23,500,000</u>	<u>23,500,000</u>
Total liabilities	<u>23,500,000</u>	<u>23,768,814</u>
Commitments and contingencies		
Members' capital		
Managing member	1,209,570	1,160,254
Preferred member	<u>5,000,000</u>	<u>5,000,000</u>
Total members' capital	<u>6,209,570</u>	<u>6,160,254</u>
Total liabilities and members' capital	<u>\$ 29,709,570</u>	<u>\$ 29,929,068</u>

Inclusiv Secondary Capital Fund, LLC

**Statements of Operations
Years Ended December 31, 2023 and 2022**

	<u>2023</u>	<u>2022</u>
Income		
Interest	\$ 1,155,337	\$ 1,152,031
Origination fee	<u>-</u>	<u>10,750</u>
Total income	<u>1,155,337</u>	<u>1,162,781</u>
Expenses		
Management fee	147,500	222,500
Professional fees	4,200	17,810
Preferred member fee	50,000	50,000
Interest expenses	<u>796,158</u>	<u>797,374</u>
Total expenses	<u>997,858</u>	<u>1,087,684</u>
Net increase in members' capital from operations	<u>\$ 157,479</u>	<u>\$ 75,097</u>

CDCU IMPACT PROFILE: GTE FINANCIAL

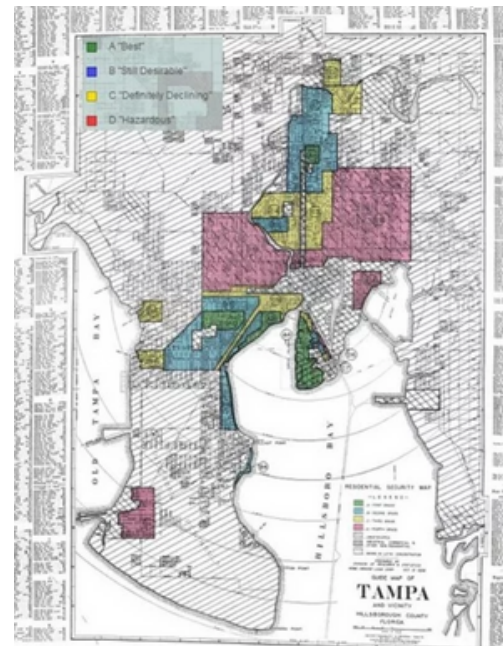


Designations: Low-income · CDFI
Assets: \$3.0 Billion
Total Members: 238,585
Location: Tampa, FL



Organized during the Great Depression, GTE is rooted in a history of serving people of modest means and communities in challenging economic times. While the credit union was initially founded to serve working class, select employee groups, GTE has expanded its borders and membership to meet the needs of the unbanked and underbanked experiencing barriers to financial well-being and made vulnerable to predatory financial services.

Tampa is rich in diversity and culture as a new majority community where more than 40% of residents identify as Black or Hispanic. However, the history of redlining and other exclusionary practices have resulted in stark financial exclusion of Black and Hispanic residents. While Tampa's overall unbanked/ underbanked is 14%, the rate of financial exclusion is much starker for Black and Hispanic/ Latino residents: 47% of Black and 41% for Hispanic/ Latino are either unbanked or underbanked.



GTE Financial is working to build stronger local economies and opportunities to build wealth for low-income earning and under-resourced members through offering homeownership programs and loan products designed for first time homeowners, low-income earning and underbanked BIPOC members.

With homeownership as the primary path to generational wealth building, GTE has created affordable home mortgage programs such as Home Ready and reduced down payment and assistance programs. The credit union is also planning to launch Special Purpose Credit Programs in 2024 to further deepen their reach and ability to offer safe and affordable access to capital and asset building services to low-income and communities of color.



SINCE THE FUND'S \$2,000,000 INVESTMENT, GTE FINANCIAL LAUNCHED THE LAKEWOOD COMMUNITY FINANCIAL CENTER, WHERE THEY OFFER FINANCIAL COUNSELING AND DEVELOPMENT SERVICES TO COMMUNITY MEMBERS.

WITH TECHNICAL ASSISTANCE FROM INCLUSIV, GTE APPLIED FOR \$42 MILLION IN SECONDARY CAPITAL FROM TREASURY'S EMERGENCY CAPITAL INVESTMENT PROGRAM.

GTE IS EXPANDING ITS IMPACT PRODUCTS AND WILL LAUNCH A SPECIAL PURPOSE CREDIT PROGRAM IN 2024.

ABOUT INCLUSIV



At Inclusiv, we believe that true financial inclusion and empowerment is a fundamental right. We dedicate ourselves to closing the gaps and removing barriers to financial opportunities for people living in distressed and underserved communities.

Inclusiv is a certified CDFI intermediary that transforms local progress into lasting national change. We provide capital, make connections, build capacity, develop innovative products and services and advocate for our member community development credit unions (CDCUs).

Inclusiv members serve more than twenty million residents of low-income urban, rural and reservation-based communities across the US and Puerto Rico, and hold over \$295 billion in community controlled assets. Founded in 1974, Inclusiv is headquartered in New York, NY, with offices in Madison, WI, Atlanta, GA, and Albuquerque, NM.

