

INCLUSIV/CAPITAL

FOURTH QUARTER 2023

INVESTORS REPORT



/ inclusiv /

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



ABOUT INCLUSIV/CAPITAL

Inclusiv/Capital was formerly known as the Community Development Investment Program. We provide the capital needed by growing credit unions to scale innovative financial products and services in low-income communities. As a CDFI and impact investor, Inclusiv invests in mission-driven credit unions with the

products and programs to satisfy a double bottom line and bridge access and service gaps in distressed communities. Since the program's inception in 1982, Inclusiv has invested more than \$340 million in community development credit unions and cooperatives.

ABOUT THIS REPORT

As a mission-driven organization, Inclusiv reports our impact in terms of both financial and social metrics. As a non-profit membership organization and certified community development financial intermediary, Inclusiv's 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:

- **481 COMMUNITY DEVELOPMENT CREDIT UNIONS**
- **251 MINORITY DESIGNATED CREDIT UNIONS & COOPERATIVAS**
- **18.4 MILLION COMMUNITY MEMBERS SERVED**
- **\$261.9 BILLION IN COMMUNITY CONTROLLED ASSETS**

DIVERSITY, EQUITY & INCLUSION

At Inclusiv, diversity, equity and inclusion is part of our DNA and integral to everything we do. Inclusiv strives to practice cultural diversity in all aspects of our mission and work. Our commitment to financial inclusion and empowerment through community development credit unions is deeply rooted in our history of promoting the financial inclusion and economic revitalization of minority communities. Inclusiv has for decades now, worked to bridge the growing racial and gender wealth gap that reveals deep inequities that remain in our economy and society. As financial cooperatives, credit unions are the ideal mechanism to address this divide by strengthening communities and helping their members access asset building tools through affordable, sustainable and responsible financial products, services and education. Credit unions

that are founded, owned and managed by communities of color and other underserved and marginalized communities are an essential part of our industry and a critical part of the solution.

At Inclusiv, we are committed to ensuring diverse voices and perspectives have a seat at the table of organizational leadership and decision making. We intentionally create an inclusive culture by cultivating diversity top to bottom across governance, leadership, skills and expertise. We are committed to practicing these values in the way we engage in our work internally with our teams, with our members, and the communities they serve. We actively seek, invite and engage diverse perspectives, and strive to bring a DEI lens to all aspects of our work with a dedication to continual growth and learning both at the individual and organizational level.

LIVING OUR COMMITMENT



The Inclusiv network is comprised of more than 500 community development credit unions and cooperativas across the country and Puerto Rico, more than 50% of which are either led by and/ or serving majority communities of color.

The Inclusiv Board of Directors is elected from its membership and is composed entirely by leaders from the communities we serve. More than one-half (53%) of Board members are women; and 60% of Board members are African American or Latino, with the executive committee 40% women and 60% African American or Latino.

Our staff is more than 70% women and 58% people of color, predominantly African American, Latino, and Asian. Staff are encouraged to bring their cultural heritage to their work and connect the mission and network to their own diverse identity and personal backgrounds and experience.



FINANCIAL OVERVIEW

As of December 31, 2022 Inklusiv had \$96.8 million in assets, an increase of 18% from the prior year. Inklusiv managed \$77.6 million in investments in community development credit unions. All investments, excluding loan participations and deposits placed through the Inklusiv 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 December 31, 2022, Inklusiv reported \$1.4 million in unrestricted net income. Net interest income generated by Inklusiv/Capital and Inklusiv/Mortgage was \$1,213,400.

OPERATING RESULTS

REVENUES

At the end of the fourth quarter, Inklusiv reported \$10.6 million in revenue. Total revenue includes \$4.6 million in grants and contributions. Inklusiv's investment programs generated \$3,017,038 in interest income. An additional \$1,543,931 was generated from membership dues; \$388,729 from the Inklusiv

Annual Conference registration and sponsorships, and \$230,698 from consulting revenue. Inklusiv has an allowance for loan loss of \$636,730, derived from historical loss rates, environmental variables and special reserves for individually impaired loans.

OPERATING EXPENSES & PROGRAM INVESTMENTS

Operating expenses cover all the direct costs of Inklusiv's programs and initiatives, management and investments in our member CDCUs. Inklusiv reported total expenses of \$9.1 million year-to-date.

Expenses were \$929,177 (9.2%) under budget as a result of additional staff hired later than anticipated, reduced overhead and travel costs.

inklusiv				
December 31, 2022				
	12/31/2022	12/31/2021	Change	% Change
Total Assets	96,827,522	82,025,072	14,802,449	18.0%
Total Liabilities	66,911,871	56,261,529	10,650,342	18.9%
Total Net Assets	29,915,650	26,763,542	3,152,108	11.8%
Net Asset Ratio	30.9%	32.6%	-1.7%	-5.3%
Unrestricted Net Income	1,437,468	3,173,361	(1,735,893)	-54.7%

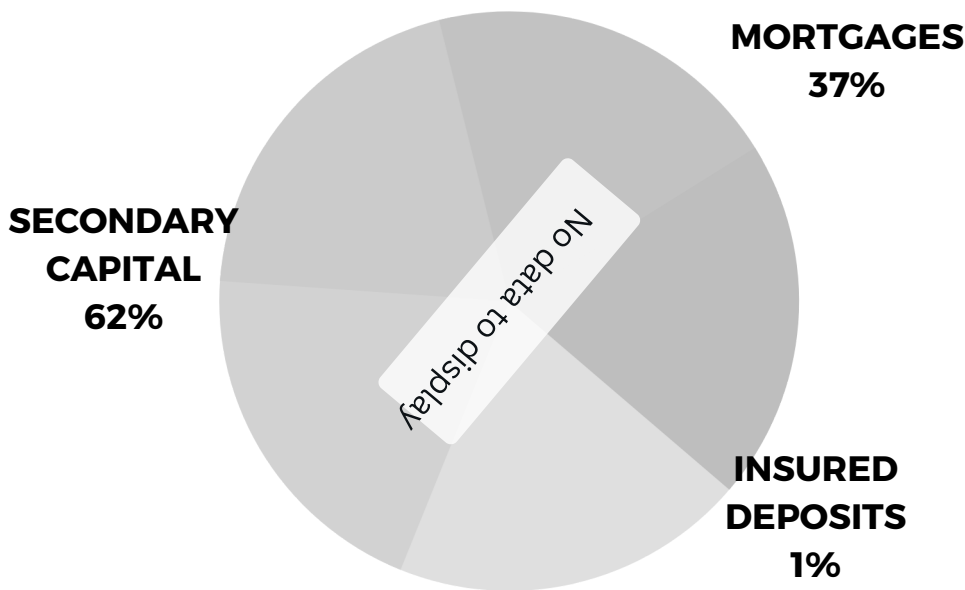
STATEMENT OF POSITION

Inclusiv's total assets were \$96.8 million as of December 31, 2022. Of these assets, Inclusiv held the following assets on its balance sheet: \$599,000 in non-member deposits; \$48.5 million in secondary capital; \$28.5 million in mortgages; \$1.4 million in deposits; and \$21.9 million in cash and cash equivalents. Inclusiv also managed servicing for \$7.2 million in secondary capital loan participations to National Cooperative Bank, and \$29.5 million in secondary capital Inclusiv Secondary Capital

Fund LLC, of which Inclusiv is the managing member. Inclusiv holds \$5,000,000 in preferred equity from the Kresge Foundation related to the aforementioned Fund.

Total liabilities at the end of the fourth quarter were \$66.9 million. Net assets at the end of the quarter were \$29.9 million, including \$17.9 million in unrestricted net assets.

INCLUSIV/CAPITAL PORTFOLIO AS OF DECEMBER 31, 2022



\$77.6 MM

INVESTMENTS UNDER
MANAGEMENT

238

INVESTMENTS

\$13.5 MM

INVESTMENTS
YTD 2022

CURRENT PORTFOLIO & OUTLOOK

SOCIAL IMPACT DEPOSITS

As of December 31, 2022, Inclusiv facilitated more than \$20 million in non-member deposits to community development credit unions through the Inclusiv Social Impact Deposits Platform and Inclusiv's balance sheet.

The Inclusiv Social Impact Deposits Platform provides a streamlined investment solution to investors seeking to align their cash and deposit portfolios with their values. The platform provides investors with the resources to advance their commitments into action and integrate social impact into their investments.

Through this platform, Inclusiv leverages its four decades of experience as a CDFI intermediary and engagements with a national network of community development credit unions aligned across social impact initiatives to advance financial inclusion and local economic development opportunities.

The deposits support CDCU lending which continues to increase, totaling more than \$92 billion in loans to advance asset building and inclusive recovery initiatives in low-wealth communities across the country.

CDCUs and their equitable recovery initiatives reflect their long standing values and mission to advance financial inclusion. By providing affordable depository services with no/ low balance accounts, development services, and affordable access to credit, CDCUs strengthen local economies and financial health in under-resourced communities.

To learn more about opportunities to invest in CDCUs and the Inclusiv Social Impact Deposits Platform, contact capital@inclusiv.org

100%

Low-Income
Communities

45%

Minority Depository
Institutions

16 Million

Low- and Moderate
Income Members Served

\$162 Billion

Community
Controlled Assets



CURRENT PORTFOLIO & OUTLOOK



CDCU IMPACT PROFILE: ONE DETROIT CU

Designations: Low-income + CDFI + Minority Depository
Total Assets: \$56.1 million
Total Loans: \$31.6 million
Total Members: 11,178
Location: Detroit, MI

With the mission to impact and change lives, One Detroit serves those who have been overlooked by the mainstream banking system by providing credible, fair and reasonably priced financial products and services.

Organized in 1935 to serve workers in the newspaper industry, One Detroit expanded its services and membership to bridge the growing gaps and access to financial services for underserved communities across Detroit. One Detroit is the largest Black-owned credit union

in the city, where more than 27% of residents are either unbanked or underbanked, where there are higher concentrations of financial exclusion in Black and other communities of color,

One Detroit provides asset building services by offering alternative to predatory payday and auto title lenders. By providing safe and affordable access to credit, One Detroit has helped members save more than \$4 million in extractive fees and interest.



INCLUSIV/MORTGAGE

As of December 31, 2022, the Inklusiv/ Mortgage portfolio was comprised of \$28.1 million in mortgages, providing affordable homeownership and wealth building opportunities to 192 households across the country.

Inklusiv/ 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 the community. Homeowners with mortgages financed

through Inklusiv/ Mortgage increased their equity by \$16.7 million, moving households forward in the pathway to build intergenerational wealth.

Credit unions and partners participating in Inklusiv/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.

192
Homes

\$28.1 Million
Mortgages in
Portfolio

25
CDCUs

48%
BIPOC
Homeowners

CURRENT PORTFOLIO & OUTLOOK

SECONDARY CAPITAL

Inclusiv/Capital manages a total of \$48.5 million in secondary capital 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 community based lending.

Inclusiv's secondary capital portfolio is comprised of 28 CDCUs and cooperativas representing more than \$16.0 billion in community controlled assets. One hundred percent of these funds are directly invested into communities earning low-incomes; thirty nine percent of CDCUs engaged in this initiative minority depository institutions and are led by and/or serve primarily communities of color.

As a CDFI intermediary, Inclusiv partners and invests in initiatives that are centered on the needs and led by the communities we serve. Inclusiv/Capital works with CDCUs to advance financial inclusion by offering both technical assistance and capital to support the continued growth and development of products and services designed to strengthen local economies and opportunities for underinvested communities.

Secondary capital is used to advance financial inclusion, resiliency, and racial equity initiatives. Credit unions use this capital to expand their markets and expand products and services designed to meet the needs of low-income and underserved markets. Community development products and services such as alternative to payday loans, affordable home mortgages, wheels to work programs, branch expansions in financial deserts, financial counseling, small business lending and development services have been integral parts of CDCU asset and wealth building solutions.

Inclusiv's secondary capital investments support financial services to 1.8 million members of LMI and historically underinvested communities.

These CDCUs provided more than \$12.5 billion in safe and affordable loans, including \$6.0 billion in mortgages, providing pathways to building wealth through homeownership. Inclusiv's secondary capital is also used to strengthen local economies by supporting \$1.5 billion in small business and commercial loans.



28
CDCUs

1.8 Million
Low and Moderate-
Income Members

\$12.5 Billion
Community
Based Loans

\$16.0 Billion
Community
Controlled Assets

CURRENT PORTFOLIO & OUTLOOK



CDCU IMPACT PROFILE: COOPERATIVA JESÚS OBRERO

Designations: CDFI + Juntos Avanzamos

Total Assets: \$106.8 million

Total Members: 9,259

Location: Guaynabo, Puerto Rico

The impacts of climate change have been experienced by all communities, however low-wealth and underinvested communities are increasingly impacted at higher rates. Puerto Rico, with its rich cultural and vibrant communities, reported high levels of poverty, with nearly 40% of residents living below the poverty line and nearly 35% as being unbanked and without access to financial services.

While the impacts of Hurricane Maria and the COVID pandemic were felt throughout the Island, cooperativas, community-led and based financial cooperatives, emerged as financial first responders, providing critical humanitarian relief and financial services to community members.

Organized in 1959 by a rural community group in their search for alternatives to address their economic needs, and with the support of the local Catholic parish, Jesús Obrero Cooperativa legacy and commitment to the underserved continues to guide JOC's initiatives and partnerships that are centered promoting trust, care, and community.

As a certified CDFI and financial cooperative, Jesús Obrero and their CEO Aurelio Arroyo González, is also credited with helping to develop and build the solar lending model for cooperativas across the Island, a vital service given the higher energy burden and vulnerability of the local grids.



FROM RECOVERY TO RESILIENCE -

ADVANCING FINANCIAL INCLUSION AND COMMUNITY-CENTERED CLIMATE FINANCE

INCLUSIV AND DEUTSCHE BANK AMERICAS FOUNDATION PARTNERED TO MAKE THE FIRST US INVESTMENT IN PUERTO RICAN COOPERATIVAS. THIS CAPITAL WILL SUPPORT JESÚS OBRERO'S CONTINUED FINANCIAL GROWTH, AS WELL AS FINANCIAL INCLUSION AND ENERGY RESILIENCY INITIATIVES IN UNDERSERVED COMMUNITIES. ONE OF THESE INITIATIVES IS GUAYNABO'S RURAL SOLAR ENERGY RESILIENCE PROJECT, WHICH THE COOPERATIVA LAUNCHED TO PROVIDE FUNDING FOR CLEAN AND RENEWABLE ENERGY PROJECTS IN RURAL COMMUNITIES IN GUAYNABO.

ABOUT INCLUSIV



CONTACT US:

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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 eleven million residents of low-income urban, rural and reservation-based communities across the US and Puerto Rico, and hold over \$260 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.

