

— / **inclusiv**™ / —



# ANNUAL REPORT



2020

FINANCIAL INCLUSION IS A FUNDAMENTAL RIGHT



## ABOUT INCLUSIV

At Inclusiv, we believe that financial inclusion 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 through investments in member credit unions, building financial capability, technology solutions and programs promoting financial inclusion.

Inclusiv/Capital provides 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, Inclusiv has invested more than \$200 million in community development credit unions.

## 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.

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



## INCLUSIV'S MEMBERSHIP INCLUDES:

- 368 COMMUNITY DEVELOPMENT CREDIT UNIONS & COOPERATIVAS
- 116 MINORITY DESIGNATED CREDIT UNIONS

## OUR COMMUNITY DEVELOPMENT CREDIT UNIONS:

- SERVE 13 MILLION COMMUNITY MEMBERS
- HOLD \$177 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 33% minority designated credit unions with an additional 53% that are either led by or serve 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, Asian and Latino. 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, 2020 Inclusiv had \$51.7 million in assets, an increase of 14% from the prior year. Inclusiv managed \$43.5 million in investments in community development credit unions. All investments, excluding nominee deposits and loan participations, 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, 2020, Inclusiv reported \$1.0 million in unrestricted net income. Net interest income generated by Inclusiv/Capital and Inclusiv/Mortgage was \$870,941.

## OPERATING RESULTS

### REVENUES

At the end of the fourth quarter, Inclusiv reported \$7.8 million in revenue. Total revenue includes \$4.7 million in grants and contributions. Inclusiv's investment programs generated \$1,670,063 in interest income. An additional

\$247,271 was generated from contracts; and \$885,726 from membership dues. Inclusiv has an allowance for loan loss of \$635,761, 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 Inclusiv's programs and initiatives, management and investments in our member CDCUs. Inclusiv reported total expenses of \$6.8 million year-to-date.

Expenses were \$109,510 (2%) under budget as a result of additional staff hired later than anticipated, reduced overhead and travel costs.

/ inclusiv /				
December 31, 2020				
	12/31/2020	12/31/2019	Change	% Change
Total Assets	51,703,232	45,173,186	6,530,045	14%
Total Liabilities	29,327,255	25,833,049	3,494,205	14%
Total Net Assets	22,375,977	19,340,137	3,035,840	16%
Net Asset Ratio	43.3%	42.8%	0.46%	1%
Unrestricted Net Income	1,006,634	916,813	89,821	10%

# CURRENT PORTFOLIO & OUTLOOK

## DEPOSITS

As of December 31, 2020, Inclusiv held and managed \$2.9 million in insured, non-member and nominee deposits. Non-member deposits provide capital to support community-based growth and equitable lending by low-income designated credit unions.

By providing no/ low minimum balance accounts, financial counseling and development services, as well as affordable access to credit, investing in CDCUs is an integral part of community wealth building solutions.

The 14 CDCUs in this national portfolio represent \$3.7 billion in community controlled access and provide financial services to 322,351 people of modest means across rural, urban and communities of color across 14 states.

Partnering with CDCUs is a scalable way to equitably invest in change- in cooperativas led by and for the communities they serve. Inclusiv has partnered with investors for nearly 40 years in connecting capital to financial inclusion initiatives across the country. Investing in non-member deposits is a means through which investors to start their impact investing journeys.

Inclusiv has partnered with Primary Financial to launch the Inclusiv Impact Deposits Platform. This platform uses technology to streamline the process of making insured deposits in CDCUs. Inclusiv's investors will be able to customize and create portfolios of impact deposits, directly supporting the impact of community development credit unions as they strengthen economic inclusion. To learn more about the Inclusiv Impact Deposits Platform, please contact [capital@inclusiv.org](mailto:capital@inclusiv.org).

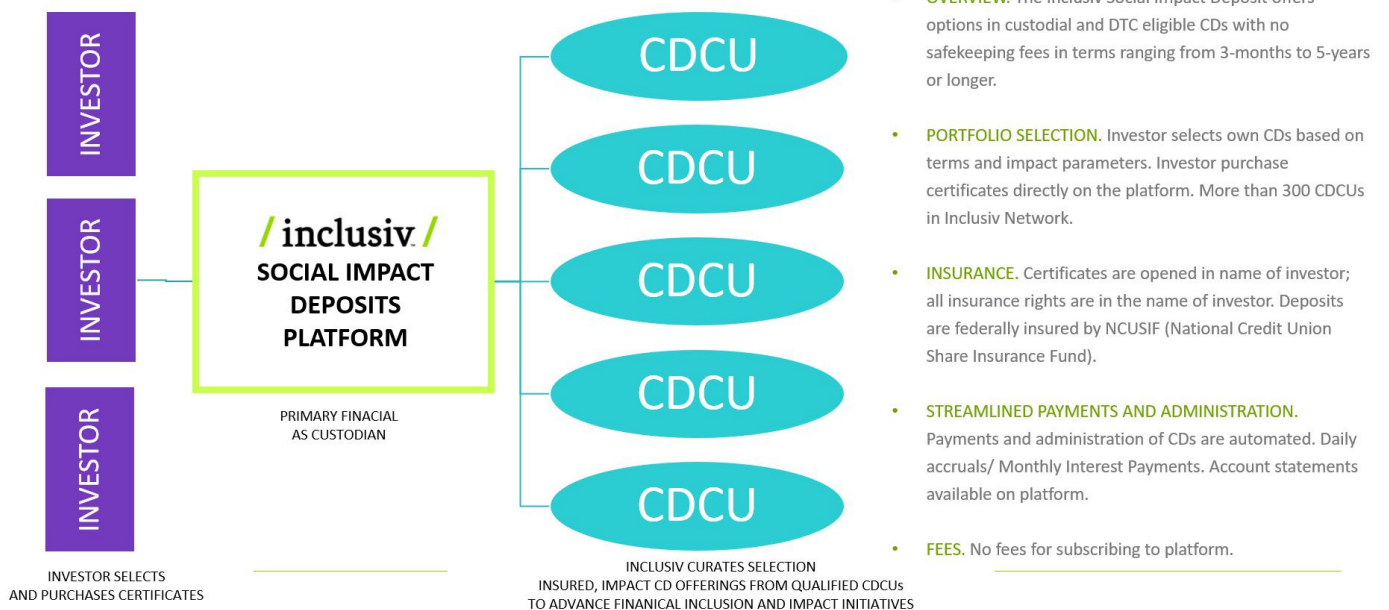
**\$2.9 Million**  
Insured Deposits

**79%**  
Minority  
Designated

**\$2.8 Billion**  
Loans Outstanding

**\$3.7 Billion**  
Community  
Controlled Assets

## / inclusiv / social impact deposits platform



# DC Credit Union

Washington, DC



Designations: Low-income + CDFI + Minority Depository

Total Assets: \$75.7 million

Total Loans: \$42.4 million

Total Members: 11,358

Organized in the 1950s to serve the needs of District government employees struggling to make ends meet, DC Credit Union has long focused on developing communities through access to credit. With more than 30% of DC residents reportedly being either unbanked or underbanked, the role of CDCUs like DC are critical to building more inclusive and resilient communities.

With its community partnerships with local human service and community development organizations, District agencies, faith based, housing, and immigrant rights organizations, DCCU has been able to expand financial access to more than 11,000 members across the District, supporting local entrepreneurs and building small businesses and wealth through homeownership.



## DCCU PROVIDES FINANCIAL ACCESS AND ASSET BUILDING RESOURCES TO DIVERSE COMMUNITIES ACROSS THE DISTRICT.

**NON-MEMBER DEPOSITS SUPPORT DCCU'S \$42 MILLION COMMUNITY BASED LOANS: MORE THAN \$7.0 MILLION IN CAPITAL TO LOCAL BUSINESSES, AS WELL AS \$7.5 MILLION IN MORTGAGES, SUPPORTING COMMUNITY BUILDING AND WEALTH CREATION.**

## INCLUSIV/MORTGAGE

Inclusiv/Mortgage is a Secondary Market Program that purchases conforming and non-conforming affordable first lien mortgage loans from our member credit unions. Inclusiv's mortgage portfolio is comprised of \$18.1 million in 172 affordable home mortgages originated by 22 community development credit unions across the country.

For most US households, owning a home is a life goal and the main pathway towards building wealth. However, for most low- and moderate-income households, this path can be a complicated one with different obstacles, including access to financing.

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.

By creating a secondary market specifically designed for to support affordable mortgages to low- and moderate-income homeowners, credit unions are able to more effectively cycle capital within communities, helping members build wealth.

# CURRENT PORTFOLIO & OUTLOOK

## SECONDARY CAPITAL

Inclusiv/Capital manages a total of \$22.5 million in secondary capital to strengthen CDCU asset and wealth building initiatives for communities that are underserved by mainstream financial institutions. Inclusiv's secondary capital portfolio is comprised of 23 CDCUs representing more than \$23.6 billion in community controlled assets. Fifty percent of these CDCUs are either led by and/ or serve primarily communities of color.

Inclusiv/Capital investees use our secondary capital to support financial inclusion and racial equity initiatives, expand outreach, products and services designed to meet the needs of underinvested communities. These loans support the capital position of credit unions, supporting their growth and depth of impact. Secondary capital enables credit unions to leverage deposits on a 10:1 basis to increase community based lending.

Financial access remains a critical issue for more than a quarter of all US households, depleting more than \$100 billion in fees and interest from the economically vulnerable. 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 2 million members of LMI and historically underinvested communities. These CDCUs provided more than \$18.3 billion in safe and affordable loans, including \$7.0 billion in capital to local businesses, supporting local economic growth, and \$7.4 billion in mortgages, providing pathways to building wealth through homeownership.

**23  
CDCUs**

**2 Million  
Low-Income  
Members**

**\$18.3 Billion  
Community  
Based Loans**

**\$23.6 Billion  
Community  
Controlled Assets**



**EPISCOPAL COMMUNITY FCU WAS ORGANIZED IN THE WAKE OF THE LA RIOTS AND ESTABLISHED AS PART OF THE EPISCOPAL DIOCESE'S ECONOMIC JUSTICE MINISTRY.**

**INCLUSIV'S SECONDARY CAPITAL LOAN WAS INVESTED TO SUPPORT GROWTH IN COMMUNITY BASED LOANS, 89% OF WHICH ARE TO LOW-INCOME BORROWERS.**



# PARK COMMUNITY CREDIT UNION

## LOUISVILLE, KY

Designations: Low-income + CDFI  
Total Assets: \$1.1 billion  
Total Loans: \$800.0 million  
Total Members: 84,170  
Headquarter: Louisville, KY

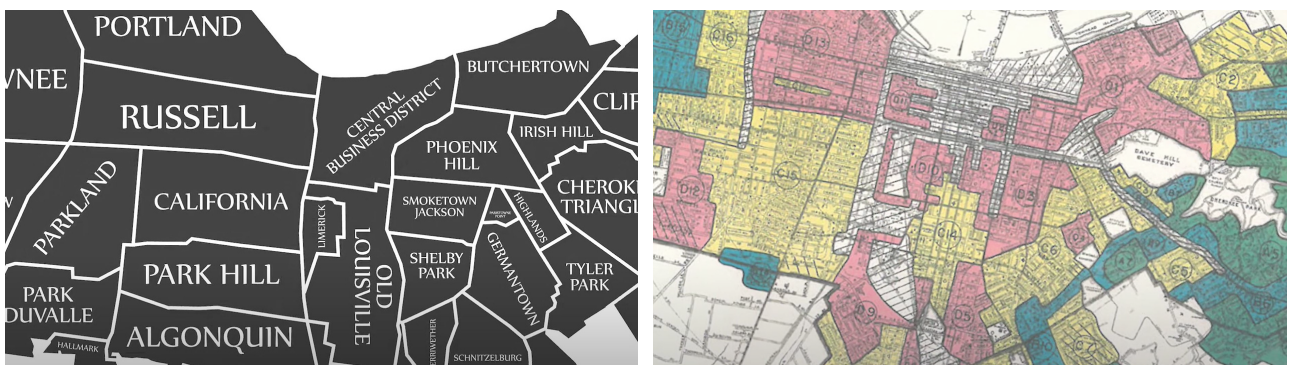


Originally organized in 1965 to serve the employees of General Electric's Appliance Park, Park Community has a long history rooted in growth and response to community needs. Park Community Credit Union is the only CDFI credit union in Kentucky, works with the community and partners to rebuild, co-create and co-invest in inclusive development and opportunities.

Jefferson County is the largest county in Kentucky, and also home to Louisville, KY, its largest city, and 44% of the state's African American population. The Russell neighborhood, also known as Louisville's Harlem, is located west of Louisville's central business district. Russell is home to many small Black businesses and entrepreneurs, and 87% of residents are African American.

This community was home to large employers like General Electric and Ford in the mid 1900's, manufacturers began to close. Amidst these challenges, the Russell neighborhoods also remained a strong cultural and inclusive community as it is home to iconic institutions such as The Louisville Free Public Library's Western Branch and the Kentucky Center for African American Heritage. Nevertheless, the complexities of racial history and the impacts of redlining and disinvestment continue.

More than 58% of the community lives below the poverty line and homeownership rates are among the lowest in the county, averaging 20%. Further, the prevalence of predatory lenders is strong- with more than 30 payday lenders and check cashers and no banks in the community. While challenges remain, the opportunities for growth and change also continue to expand. Park Community is working with several other community organizations- from faith based collectives, to the Urban League, Russell A Place of Promise, city agencies, have renewed community partnerships and investments to support homeownership and inclusive economic re-development.



**INCLUSIV'S SOUTHERN EQUITY FUND INVESTED \$5 MILLION IN SECONDARY CAPITAL TO SUPPORT PARK COMMUNITY'S CONTINUED GROWTH AND FINANCIAL INCLUSION INITIATIVES, INCLUDING \$7.5 MILLION IN DIRECT INVESTMENTS INTO HOMEOWNERSHIP AND SMALL BUSINESSES IN BLACK COMMUNITIES**

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# BOARD OF DIRECTORS, 2020-2021

## EXECUTIVE COMMITTEE

Chairman: Richard Romero, Seattle Credit Union, Seattle, WA

Vice Chairman: Paul Woodruff, Vice President, Community Development, St. Louis Community Credit Union and Executive Director, Prosperity Connection, St. Louis, MO

Treasurer: Brenda Dominguez, Guadalupe Credit Union, Sante Fe, NM

Recording Secretary: Angela Morrison, Meritus Credit Union, Lafayette, LA

Corresponding Secretary: Eddie Alicea, Cooperativa La Sagrada Familia, Corozal, PR

## DIRECTORS

Cheryl Fatnassi, Opportunities Credit Union, Winooski, VT

Michele Franqui Baquero, Executive President, CamuyCoop, Camuy, PR

Jack Lawson, Clearwater Federal Credit Union, Missoula, MT

Shasta Leininger, New Orleans Firemen's Federal Credit Union, Metairie, LA

Armando Martinez, Texas Community Federal Credit Union, Kingsville, TX

Jacqueline Moore, Faith Community United Credit Union, Cleveland, OH

Paul Phillips, Freedom First Federal Credit Union, Roanoke, VA

Robin Romano, MariSol Federal Credit Union, Phoenix, AZ

Ed Sivak, Executive Vice President, Policy and Communications, Hope Credit Union, Jackson, MS



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# FUNDERS, INVESTORS & PARTNERS

## FUNDERS

Annie E. Casey Foundation  
Arthur M. Blank Family Foundation  
AT&T Georgia  
Bank of America  
BlackRock  
Capital One  
Citi  
CUNA Mutual Group  
Delta Community Credit Union  
Deutsche Bank  
Equifax  
Freddie Mac

Goldman Sachs Bank USA  
Invest Atlanta  
JP Morgan Chase  
The Kresge Foundation  
PNC Bank  
Prudential Foundation  
Robert Wood Johnson Foundation (RWJF)  
United Way of Greater Atlanta  
U.S. Department of Energy (DOE)  
U.S. Treasury CDFI Fund  
William and Flora Hewlett Foundation

## INVESTORS

Adrian Dominican Sisters  
Bank of America  
Deutsche Bank  
Deutsche Bank Americas Foundation  
Ford Foundation  
The Kresge Foundation  
Mercy Investment Services  
Mizuho Bank USA

Robert S. Bowditch Jr. Trust  
Sisters of Notre Dame  
Sterling Bank  
Trinity Health  
Unitarian Universalist Association  
Unitarian Universalist Congregation at Shelter Rock  
Wells Fargo  
Woodlands Investment Management Account

## PARTNERS

African-American Credit Union Coalition  
Asociación de Ejecutivos de Cooperativas de Puerto Rico  
Balance  
California and Nevada Credit Union Leagues  
Carolinas Credit Union League  
Catholic Charities USA  
CDFI Coalition  
Cities for Citizenship  
Community Reinvestment Fund, USA  
Coopera  
Cornerstone Credit Union League  
Credit Builders Alliance  
Credit Union Association of New Mexico  
CrossState Credit Union Association  
The Embassy of Mexico  
Fahe  
Federal Home Loan Bank-NY  
Georgia Credit Union Affiliates  
Federation of Protestant Welfare Agencies  
Freddie Mac  
Hawaii Credit Union League  
Illinois Credit Union League

Indiana Credit Union League  
Institute for Mexicans Abroad  
Iowa Credit Union League  
League of Southeastern Credit Unions & Affiliates  
Louisiana Credit Union League  
MGIC  
Michigan Credit Union League & Affiliates  
Montana's Credit Unions  
Mountain West Credit Union Association  
Multibank Securities  
National Cooperative Bank  
National Credit Union Foundation  
Neighborhood Trust Financial Partners  
Network of Latino Credit Union Professionals  
New York Credit Union Association  
New York State CDFI Coalition  
Northwest Credit Union Association  
Ohio Credit Union League  
Patelco Credit Union  
Suncoast Credit Union  
Ventura County Credit Union  
VISA



## ABOUT INCLUSIV

At Inclusiv, we believe that financial inclusion 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 13 million residents of low-income urban, rural and reservation-based communities across the US and hold over \$177 billion in community controlled assets. Founded in 1974, Inclusiv is headquartered in New

York, NY with offices in Madison, WI and Atlanta, GA.

Inclusiv was instrumental in establishing the CDFI Fund in 1994, is a permanent member of the national CDFI Coalition and is the CDFI and community finance authority for the credit union industry. Our member CDCUs make up the majority of all CDFI-certified credit unions. Today, CDFI certification is an essential credential for credit unions with a focus on financial inclusion. Inclusiv is the credit union industry's best resource for understanding the CDFI business model and its impact in local economics. For more information on our advocacy on behalf of CDFI credit unions, [click here](#).

For more information about Inclusiv visit us at [Inclusiv.org](http://Inclusiv.org) and connect with us on Facebook, LinkedIn and Twitter.