



The Garcia Family celebrates

/ inclusiv /
ANNUAL REPORT 2022

Looking back on a year of unprecedented growth, impact, and visibility for the Community Development Credit Union movement.

The President's Perspective



Cathie Mahon,
President/CEO, Inclusiv

2022 marked yet another record-breaking year for Inclusiv!

Inclusiv hit \$100M in assets; surged past 500 members; and scored major legislative and policy victories for the people and businesses served by Community Development Credit Unions (CDCUs).

Inclusiv's balance sheet growth was driven by a combination of deposits, secondary capital and mortgage loans held in portfolio. At year-end, Inclusiv held a total of \$48 million in subordinated debt and secondary capital on the books and provided equity grants to more than 50 Minority Depository Institution (MDI)

credit unions and cooperativas to help them build on the strong legacy of credit unions owned and operated by leaders of color.

The Inclusiv Mortgage program reached close to 200 homeowners with more than \$28 million in mortgage loans, with almost half of the loans going to homeowners of color. Despite rising interest rates, the program continues to attract new lenders and there are more than 30 potential new credit union participants in the pipeline. In 2023, the team will work on making updates to adjust to the new environment and be more intentional about measuring and achieving impact in the mortgage lending program.

Inclusiv closed the year with 501 Policy Members (including 410 CDCUs and 90 cooperativas!) and 22 Associate Members. The network collectively reached 18.4 million members and had \$261.5 billion in assets under management. More than 60% of Inclusiv members have obtained certification as a Community Development Financial Institution (CDFI) and the majority of members are MDIs. With all our growth, we are proudest that we continue to maintain both geographic diversity and diversity in size. In 2022, this fabulous network came together in a joyous celebration with an in-person

Annual Conference in San Juan, Puerto Rico which offered the opportunity to share and learn from each other while featuring the incredible impact that the cooperative movement has had in Puerto Rico.

The Emergency Capital Investment Program (ECIP) was a major focus for Inclusiv Network and Capital teams in 2022. They worked overtime to help members gain and retain their CDFI status to ensure they could access this historic level of capital investment made available through the U.S. Treasury Department. CDFI and MDI credit unions received more than \$2 billion in long-term capital from ECIP, which will not only support the long-term growth of the CDCU movement but will ensure quality credit union services are available to those who need them most.

Inclusiv worked closely with our Board and Government Affairs Committee to refresh and update our extensive policy platform that spans critical issues ranging from fighting for CDFI funding to regulatory and consumer protection issues to equitable climate finance.

One recent advocacy highlight: Inclusiv worked toward the passage of the Inflation Reduction Act and scored a major victory with the inclusion of the Greenhouse Gas Reduction Fund (the Fund) that allocates \$27 billion to catalyze equitable climate finance. As the leading CDFI network advancing climate equity and providing green lending training, Inclusiv has built a field of more than 350 CDFI credit unions, loan funds and banks committed to equitable access to green lending in low-income communities and communities of color. Inclusiv's leadership of the Center for Resiliency and Clean Energy has driven CDFI engagement in advocacy efforts to ensure the Fund prioritizes Black and Brown communities. This has led to our collaborative work in forging the Community Builders of Color Coalition with the African American Alliance of CDFI CEOs, National Association for Latino Community Asset Builders and the National Bankers Association.

The outlook for 2023 and beyond is strong for credit unions. We continue to step up and step in to invest in financial inclusion, equity and climate resilience to benefit the people and communities CDCUs serve.

In cooperation,

A handwritten signature in black ink that reads "Cathie Mahon". The signature is fluid and cursive, written over a light grey background.

Community Development Credit Unions Bridge Opportunities & Drive Impact

Our national membership across 5 regions includes:

- 462 Community Development Credit Unions & cooperatives
- serving 17 million community members and holding \$240 billion in community-controlled assets
- 153 Minority Depository Institution credit unions
- 284 CDFI-certified credit unions

Region 1

Connecticut
Delaware
Maine
Maryland
Massachusetts
New Hampshire

New Jersey
New York
Pennsylvania
Rhode Island
Vermont
Washington, D.C.

Region 2

Alabama
Arkansas
Florida
Georgia
Kentucky
Louisiana

Mississippi
North Carolina
South Carolina
Tennessee
Virginia
West Virginia

Region 3

Illinois
Indiana
Iowa
Kansas
Michigan
Minnesota
Missouri

Nebraska
North Dakota
Ohio
Oklahoma
South Dakota
Texas
Wisconsin

Region 4

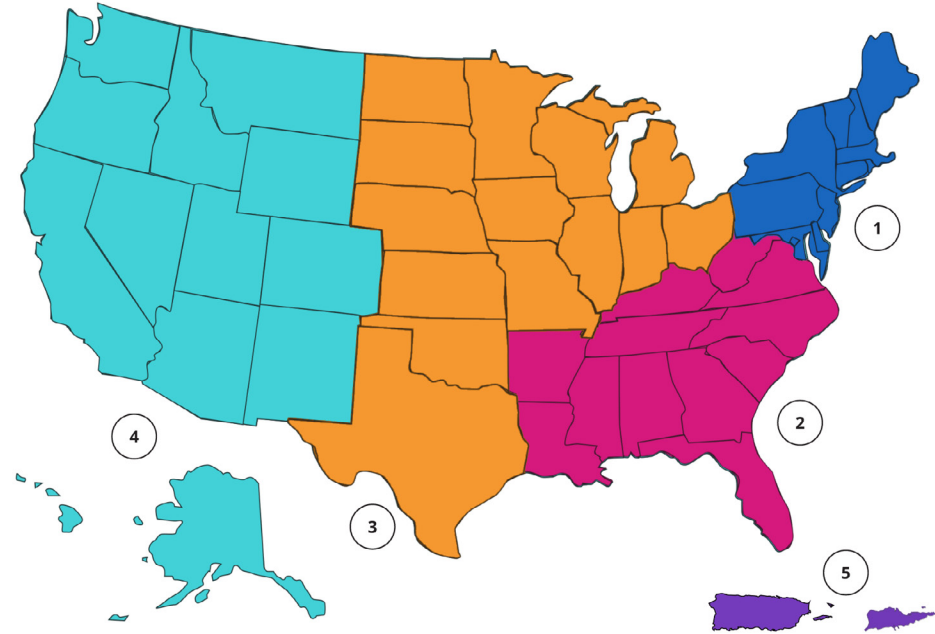
Alaska
American Samoa
Arizona
California
Colorado
Guam
Hawaii
Idaho

Montana
Nevada
New Mexico
Oregon
Utah
Washington
Wyoming

Region 5

Puerto Rico

U.S. Virgin Islands



Facilitating Green Lending to Reduce Climate Impacts

Community-Based Green Lending Rapidly Spreads Across the Country

In recent years, community-based financial institutions (credit unions, community banks, and CDFI loan funds) have built a strong track record of green lending by financing projects that reduce utility bills, greenhouse gas emissions, and/or air pollution.

Across the country, there are currently 439 community-based lenders offering or actively developing *green loan* products that range from energy-efficient appliance upgrades to electric vehicles to rooftop solar and more! These 439 lenders (from 47 states, Washington D.C., and Puerto Rico) serve over 20.5 million members, manage over \$461 billion in assets, and include 98 Inclusiv members. Fifty-six of these lenders have reported a combined investment of over \$2.7 billion in green projects in the past 5 years.

The [Inclusiv Center for Resiliency and Clean Energy](#), in partnership with the University of New Hampshire's Center for Impact Finance at the Carsey School of Public Policy, provides training, peer support, and capacity-building for community-based lenders seeking to build and expand green lending programs. Through this partnership, we have trained 335 lenders from 170 mission-driven financial institutions since 2020.

The *Consumer Solar Lending Professional Training and Certificate Program* is free for qualified applicants.

Visit the Inclusiv Center for Resiliency and Clean Energy by scanning the QR code.



Cooperativa Jesús Obrero: Leveraging Solar Power to Withstand Hurricanes

Located in Guaynabo, Puerto Rico, [Cooperativa de Ahorro y Crédito Jesús Obrero](#) (Cooperativa Jesús Obrero) is often in the path of intense hurricanes. In 2017, Hurricane María caused \$90 billion in damage. In the immediate aftermath of María, there was an island-wide blackout. Ninety-five percent of cellular sites were down and 95% of the island lost access to clean drinking water. Thousands of Puerto Ricans were still without power nine months later, comprising the largest blackout in U.S. history.



Solar carports at Cooperativa Jesús Obrero's Guaynabo location provide electricity for the building.

Because of Puerto Rico's precarious location, Cooperativa Jesús Obrero was an early adopter of solar-generated energy, exploring the possibilities of using solar as an alternative energy source in 2011, running a pilot solar loan program in 2013, and creating solar loan lending guidelines for the Cooperativa in 2014.

In 2015, the Cooperativa installed a 96.5 kW solar array at its branch in Guaynabo, PR. There, solar carports provide shaded parking structures that reduce the branch's energy costs by 86% annually. In total, the solar system has generated 831 mWh and offset 649 tons of CO² emissions.

Since 2011, Cooperativa Jesús Obrero has financed 450 photovoltaic (PV) solar systems in 26 municipalities across the island, and renewable energy financing makes up 10% of its total loan portfolio. These solar loans have the potential to reduce energy costs for the Cooperativa's members. For example, a residential PV system installed in Guaynabo and financed by Cooperativa Jesús Obrero in 2016 reduced the customer's monthly energy bill from \$250 to just \$3.

To expand their solar loan program, the Cooperativa's President took the Inclusiv-University of New Hampshire virtual *Consumer Solar Lending Professional Training and Certificate Program*, sharing his solar lending expertise with peers from other financial institutions.

Financial Overview

As of December 31, 2022, Inclusiv had \$97.6 million in assets representing an increase of 19% from the prior year. Inclusiv managed \$77.6 million in investments in Community Development Credit Unions.

All investments, excluding loan participations and credit union 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 December 31, 2022, Inclusiv reported \$1.4 million in unrestricted net income. Net interest income generated by Inclusiv/Capital and Inclusiv/Mortgage was \$1,213,400.

In 2022, Inclusiv maintained its 4-star Impact Management rating and a AA Financial Strength and Performance rating by [Aeris®](#).

Operating Results

Revenues

At year-end 2022, Inclusiv reported \$10.3 million in unrestricted revenue. Inclusiv's revenue mix includes \$5.2 million from grants and contributions, \$2.9 million from Inclusiv's impact investment programs, and \$1.9 million from membership dues and services.

In 2022 Inclusiv also received \$7.4 million in donor restricted revenue to be released from restriction in future periods. Inclusiv's annual unrestricted revenue has increased by 53% over the past two fiscal years.

Operating Expenses & Program Investments

Operating expenses include all the costs of Inclusiv's programs and initiatives, investments in our member CDCUs, and management and general expenses. In 2022 Inclusiv reported total expenses of \$8.8 million. The primary expense categories were employee compensation (45%), financing of impact investments (18%), and program costs (18%).

At year-end 2022, Inclusiv maintained an allowance for loan loss of \$636,730. This reserve is derived from historical loss rates, environmental variables, and special reserves for individually impaired loans.

Financial Highlights (as of December 31, 2022)

	12/31/2022	12/31/2021	Change	% Change
Total Assets	\$97,622,121	\$81,962,812	15,659,309	19.1%
Total Liabilities	\$67,675,316	\$ 56,199,262	11,476,054	20.4%
Total Net Assets	\$ 29,946,805	\$ 25,763,550	4,183,255	16.2%
Net Assets without Donor Restrictions	\$22,913,497	\$21,444,881	1,468,616	6.8%
Net Asset Ratio	30.7%	31.4%	-0.8%	-2.4%

Social Impact Deposits Portfolio & Outlook

As of December 31, 2022, Inclusiv facilitated over \$20 million in non-member deposits to Community Development Credit Unions (CDCU) through the Inclusiv [Social Impact Deposits Platform](#) and the Inclusiv balance sheet.

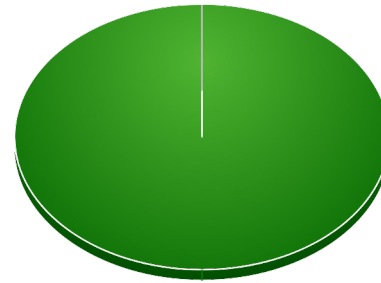
The Inclusiv Social Impact Deposits Platform provides a streamlined investment solution to investors seeking to align their cash and deposit portfolios with their values. The platform provides investors with the resources to advance their commitments into action and integrate social impact into their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

Through this platform, Inclusiv leverages its four decades of experience as a Community Development Financial Institution (CDFI) certified intermediary and engagements with a national network of CDCUs aligned across social impact initiatives to advance financial inclusion and local economic development opportunities.

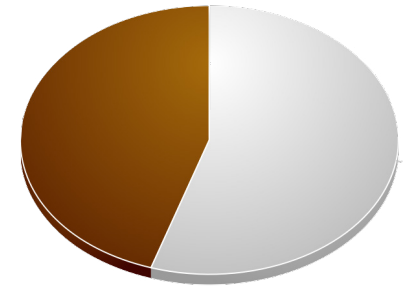
The deposits support CDCU lending which continues to increase, totaling more than \$92 billion in loans to advance asset building and inclusive recovery initiatives in low-wealth communities across the country.

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, email capital@inclusiv.org.



100% low-income communities



45% Minority Depository Institutions



16 million low/moderate-income members served



\$162 billion community-controlled assets

Visit the Inclusiv Social Impact Deposits Platform by scanning the QR code.



Mortgage Portfolio & Outlook

Launched in 2005, Inklusiv/Mortgage is a Secondary Market program that purchases conforming and non-conforming affordable first-lien mortgage loans from Inklusiv member credit unions who are approved to sell loans to Inklusiv.

Inklusiv/Mortgage serves to narrow the wealth gap by providing CDCUs with capital and training to expand and strengthen their capabilities and provide affordable homeownership opportunities to underrealized members of the the community. Our portfolio includes 48% BIPOC homeowners and is approximately 10 times the rate of “other national secondary markets”.

By creating a pipeline for Community Development Credit Unions (CDCU) to sell their mortgages, Inklusiv/Mortgage replenishes a participating credit union’s capital, reduces interest rate risk & enables CDCUs to magnify their impact in their communities. As such, Inklusiv/Mortgage helps CDCUs recycle capital in their communities, freeing up funds for additional lending.

In 2016, Inklusiv/Mortgage launched a new initiative to dramatically increase the volume of loans purchased, providing a beneficial alternative to the predatory practices targeted at minority, immigrant and low-income communities across the country and enabling our member credit unions to provide the quality residential mortgage services that their communities deserve.

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.

On an ongoing basis, Inklusiv/Mortgage accepts applications from

member credit unions that are interested in selling qualifying mortgages. This process is streamlined for credit unions already approved by the [Federal National Mortgage Association](#) (“Fannie Mae”), the [Federal Home Loan Mortgage Corporation](#) (“Freddie Mac”) or the [Federal Home Loan Bank](#) (FHLB).

For more information, please contact Inklusiv/Mortgage at mortgage@inclusiv.org.

Inklusiv/Mortgage Programs

The FLOW Program: Under this program, the credit union originates, processes, underwrites, and closes loans to Inklusiv/Mortgage guidelines. After closing, the credit union sends the loan to Inklusiv/Mortgage for purchase.

The BULK Program: Under this program, Inklusiv/Mortgage will buy blocks of seasoned loans from credit unions looking to free up capital and/or reduce rate risk.

2nd Look Program: Inklusiv-approved sellers can take their declinations, fill out one of our Declination Quick Look Sheets and submit to Inklusiv/Mortgage for review.

192 homes

\$28.1 Million
Mortgages
in Portfolio

25 CDCUs

48% BIPOC
Homeowners

Visit Inklusiv/Mortgage by scanning the QR code.



Racial Equity Investment Fund

SANTA CRUZ COMMUNITY CREDIT UNION

Designations: Low-income + CDFI + Juntos Avanzamos

Total Assets: \$188.7 million

Total Loans: \$155.6 million

Total Members: 14,995

Location: Santa Cruz County, CA

Founded in 1977, Santa Cruz Community Credit Union (SCCCU) has a continued legacy and commitment to its mission to promote economic justice. Its vision is to advance “vital local communities whose members contribute individually and collectively to a just society...where all people have full access to economic opportunity and have resources to make effective financial decisions for themselves, their families, and their communities.”

With the impacts of the Covid-19 pandemic, especially on low-wealth, immigrants, and communities of color, SCCCU led the way and was the first financial institution in their community to respond to the crisis. Santa Cruz Community Credit Union provided over \$400,000 emergency loans to those who need to buy groceries or pay the bills.

As the only Individual Taxpayer Identification Number (ITIN) lender in the county and service to their majority Hispanic community and members, SCCCU was critical in providing financial access and relief services to Hispanic immigrants and migrant workers, including \$1.9 million in auto purchases and affordable housing to low-income members excluded from mainstream financial institutions.

Through its longstanding work to support local small businesses and community partnerships, SCCCU was able to reach deeply into low-income communities and provided nearly \$12 million in Paycheck Protection Program loans to local, small businesses, helping to save more than 1,400 jobs.

Santa Cruz Community Credit Union continued to develop a broad network of community partnerships to connect the community and create resources for vulnerable members with a focus on unbanked immigrants and migrant workers. SCCCU worked with the County of Santa Cruz to create a *Resilience Microloan Program* and funded



more than \$500,000 to small businesses owned and operated by ITIN borrowers who were unable to access COVID-19 Emergency CARES Act programs.

“With Inclusiv’s secondary capital, Santa Cruz Community Credit Union has continued to expand our reach with affordable financial products and services that meet the needs of our low-income county residents:

- COVID Emergency loans
- *Lift Loan* (payday loan alternative)
- Making affordable home loans to low-income members
- Supporting micro-businesses and minority businesses during this pandemic
- Expansion of our financial education and counseling services that provide classes at no cost to our membership and the community.”

Capital Impact Highlights



Opportunities Credit Union (Burlington, VT)

As the Covid-19 pandemic hit, the Opportunities team quickly organized to support Vermont's most vulnerable residents. By providing loan forbearances, funds to bridge the members' financial gaps, and support distressed small businesses, the credit union grew by over 10% to \$59.7 million in assets and increased lending by \$16 million.

In response to the challenges faced by the community, the credit union focused more deeply on their impact and updated their strategic plan to set ambitious goals. Opportunities closed over \$25 million in mortgages, 39% of which were to immigrants/refugees, 22% were to first time home buyers, and over 78% of were made to Vermonters earning less than 80% of HUD Area Median income. The credit union made \$4.1 million in small business loans that protected 421 Vermont jobs.

People's Advantage Federal Credit Union (Petersburg, VA)

Organized in 1966 to serve local chemical plant workers serves communities throughout Petersburg and Richmond, Virginia, People's Advantage (PAFCU) expanded its outreach and growth models to focus on the underinvested members of the community. Inclusiv invested \$250,000 in secondary capital to support their community-based growth and impact initiatives such as expanding financial counseling, small business and affordable homeownership initiatives.

PAFCU was awarded \$10 million in secondary capital from the Emergency Capital Investment Program to scale their inclusive recovery and rebuilding efforts. People's Advantage is using this capital to expand their outreach and provide wealth building opportunities. Since Inclusiv's investment, PAFCU has continued to expand their community partnerships and opened their Financial Empowerment Center.



Cooperativa de Ahorro y Credito Jesús Obrero (Guaynabo, PR)

While the impact of Hurricane Maria and the Covid-19 pandemic were felt throughout Puerto Rico, cooperativas, community-led and community-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, Cooperativa Jesús Obrero's legacy and commitment to the underserved continues to guide the initiatives and partnerships that are centered around trust, care, and community.

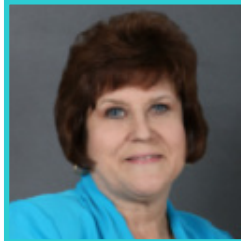
As a CDFI-certified financial cooperative, Cooperativa Jesús Obrero (led by CEO Aurelio Arroyo González) is also credited with helping to develop and build the solar lending model for cooperativas across the island of Puerto Rico.

Board of Directors 2022 - 2023



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CEO
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Seattle, WA
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Cooperativa de Ahorro y Credito Jesús Obrero
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National Credit Union Foundation (NCUF)
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NerdWallet
New York Community Trust
PNC Bank
Prudential Financial Foundation
Robert Wood Johnson Foundation (RWJF)
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African American Credit Union Coalition (AACUC)
Asociación de Ejecutivos de Cooperativas de Puerto Rico
Balance
Banco Cooperativo de Puerto Rico
California and Nevada Credit Union Leagues
Carolinas Credit Union League
Catholic Charities USA
CDFI Climate Crisis Working Group
CDFI Coalition
Cities for Citizenship
Coastal Enterprises, Inc. (CEI)
Common Cents Lab
Community Investment Guarantee Pool (CIGP)
Community Reinvestment Fund, USA
Coopera
Cooperative Credit Union Association
Cornerstone Credit Union League
Credit Builders Alliance
Credit Union Association of New Mexico
CrossState Credit Union Association
Dora Financial

The Embassy of Mexico
Fahe
Federal Home Loan Bank-NY
FIDECOOP
Georgia Credit Union Affiliates
Federation of Protestant Welfare Agencies
Freddie Mac
Hawaii Credit Union League
Illinois Credit Union League
Inclusive Prosperity Capital
Indiana Credit Union League
Institute for Mexicans Abroad
Interstate Renewable Energy Council (IREC)
Iowa Credit Union League
Kinetic Communities Consulting
Lawrence Berkeley National Laboratory
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 Association of Latino Credit Unions & Professionals (NLCUP)

National Cooperative Bank
National Credit Union Foundation
Natural Resources Defense Council (NRDC)
Neighborhood Trust Financial Partners
New York Credit Union Association
New York City Mayor's Office of Climate and Sustainability
New York State CDFI Coalition
New York State Energy Research and Development Authority (NYSERDA)
Northwest Credit Union Association
Ohio Credit Union League
Patelco Credit Union
Seguros Múltiples
Suncoast Credit Union
University of New Hampshire
US Department of Energy – National Community Solar Partnership
US Department of Energy – Solar Energy Technologies Office
Ventura County Credit Union
Village Capital
VISA
VisiFI



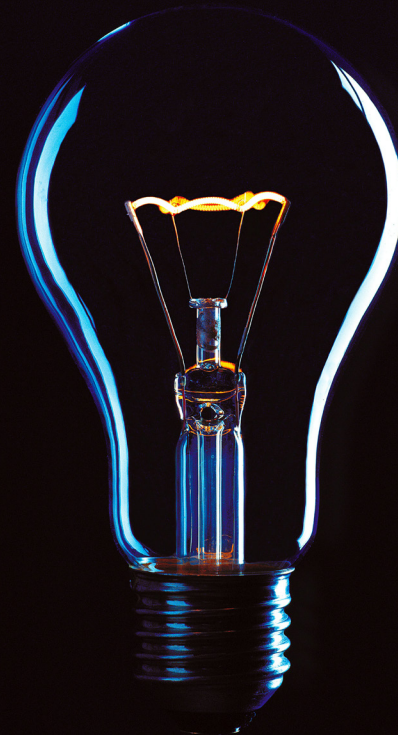
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