



In affiliation with LISC



2012 Annual Report

INVESTING IN ORGANIZATIONS THAT BUILD COMMUNITY



MISSION STATEMENT

Impact Capital is the leading catalyst in building and advocating for equitable, vibrant and sustainable communities.

BOARD OF DIRECTORS

OFFICERS

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LETTER FROM THE CHAIR OF THE BOARD

Impact Capital is a nonprofit community development financial institution (CDFI). Our role is unique: we are a catalyst for investment. By leveraging public and private resources, we help create affordable housing and community facilities that serve families, students, businesses, and workers in communities across Washington State.

Our vision is to be a catalyst for partnerships that create healthy, inclusive and sustainable communities. In 2012 we saw our vision take shape as we successfully:

- Financed 617 units of affordable housing
- Provided \$230,916 in grants and worked in the International District in Spokane and in nine districts in partnership with the City of Seattle to create vibrant commercial districts
- Provided technical assistance to 40 nonprofit organizations as part of the Puget Sound Regional Council's Equity Network program, and provided \$267,500 in grants to support their work
- Helped create safe and healthy neighborhoods by bringing resources to Washington State from our national partner, the Local Initiatives Support Corporation (LISC).
- Convened a community development round table featuring local elected officials, government leaders, nonprofit developers and service providers

All together in 2012 we partnered with over 65 organizations through our lending and community building programs, creating affordable housing, building new museum space and community facilities, attracting new business to local neighborhoods, creating new jobs and safer streets, cleaning neighborhoods and improving life for Washington State residents.

We thank our investors, both those who have provided us lending capital and those that have supported us with program grants. Without your support and partnership we would not be able to have the impact that we do in communities across the state. It is your support that makes us the catalyst, the convener, and the strategic partner.

Impact Capital is very grateful for the service of outgoing board members Gary Oakland and Roy Johnson. We welcome our newest board members Doug Prince, Saeed Hajarizadeh, and Bryan Ketcham.

On behalf of the entire Board of Directors and Staff of Impact Capital, I would like to personally thank our many partners who work with Impact Capital to create equitable, vibrant and sustainable communities.

Kim Herman
Chair, Board of Directors

INVEST. TRANSFORM. SUSTAIN.

Impact Capital is the leading catalyst in building equitable, vibrant, and sustainable communities. We envision partnerships that create healthy, inclusive and sustainable communities with access to: affordable housing, vibrant commercial districts; education and employment; safe, healthy and accessible neighborhoods; and strong civic institutions and local leadership.

Throughout Washington State we make strategic investments in community development and affordable housing. We leverage financial resources, national partnerships and local expertise to bring an average of \$23 total development funding for every \$1 invested by Impact Capital. To date we have invested \$130 million in Washington State, leveraging \$3 billion in development.

Over the last 22 years, Impact Capital has worked in partnership with nonprofit organizations in 94% of Washington States' Counties to create:

- 22,202 units of affordable housing
- 14 community centers
- 2 job training facilities
- 14 childcare facilities
- 7 arts and cultural centers
- 823,929 square feet of commercial and industrial space



IMAGINE HOUSING: South Kirkland Park & Ride

LOCAL INITIATIVES SUPPORT CORPORATION (LISC)

Impact Capital is the Pacific Northwest Affiliate of LISC.

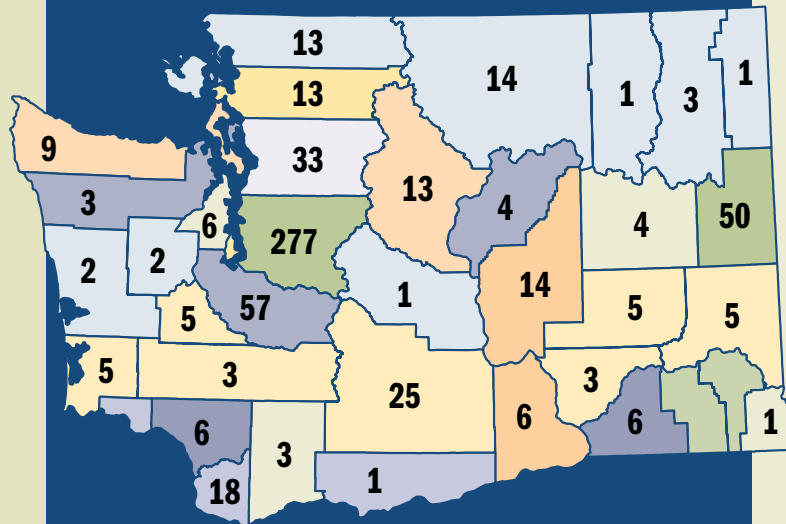
The Local Initiatives Support Corporation (LISC) is dedicated to helping community residents transform distressed neighborhoods into healthy and sustainable communities of choice and opportunity – good places to work, do business and raise children. LISC mobilizes corporate, government and philanthropic support to provide local community development organizations with:

- loans, grants and equity investments
- local, statewide and national policy support
- technical and management assistance



COUNTY	# LOAN	ADAMS	5
ASOTIN	1	BENTON	6
CHELAN	13	CLALLAM	9
CLARK	18	COWLITZ	6
DOUGLAS	4	FERRY	1
FRANKLIN	3	GRANT	14
GRAYS HARBOR	2	ISLAND	1
JEFFERSON	3	KING	277
KITSAP	6	KITTITAS	1
Klickitat	1	LEWIS	3
LINCOLN	4	MASON	2
NEAH BAY	1	OKANOGAN	14
PACIFIC	5	PEND OREILLE	1
PIERCE	57	SAN JUAN	12
SKAGIT	13	SKAMANIA	3
SNOHOMISH	33	SPOKANE	50
STEVENS	3	THURSTON	5
WALLA WALLA	6	WHATCOM	13
WHITMAN	5	YAKIMA	25

To date we have made 625 loans across the state, leveraging \$3 billion dollars in total development



LENDING PROGRAM

At Impact Capital we envision partnerships that create healthy, inclusive and sustainable communities, with access to:

- Affordable Housing
- Vibrant commercial districts
- Education and Employment
- Safe, healthy and accessible neighborhoods; and
- Strong civic institutions and local leadership

We provide high-touch lending services, short term bridge loans, grants, and technical assistance to local nonprofits to revitalize communities. Our work helps build the capacity of local organizations to make positive changes in their communities from the ground up. Our role is to bring the stakeholders together, help them plan improvements, and put them in touch with the resources and partners needed to succeed. We add value by providing access to resources, leveraging funds, and increasing capacity for community organizations. Our programs and expertise have been put to the test in communities around the state and have proven to be successful in turning distressed neighborhoods into vibrant ones – where people are proud to live, work and raise their families.

Community Development Loan Fund

ACCESS TO CAPITAL

Impact Capital's Community Development Loan Fund (CDLF) provides zero interest financing up to \$85,000 for early project feasibility costs associated with the development of affordable housing and community facilities.

This first in capital is leveraged 96x1 by the completion of a project.

Our nonprofit partners tell us over and over again “this project would not have happened if not for the CDLF loan from Impact Capital”.

In 2012, Impact Capital approved the following CDLF loans:

Imagine Housing

Kirkland TOD

(located in Kirkland/Bellevue)

Capitol Hill Housing

12th Ave. Arts

(located on Capitol Hill in Seattle)

Community Action Center Pullman

Marcus Place

(located in Colfax)

Affordable Community Environments

Vancouver Senior Housing

(located in Vancouver)

El Centro De La Raza

Beacon Hill Mixed Use

(located on Beacon Hill in Seattle)

Housing Authority of Pasco

Fourth and Pearl

(located in Pasco)

Spokane Neighborhood Action Partners

Dominican Center

(located in Spokane)

Imagine Housing

SR 20

(located in Snoqualmie)

Affordable Community Environments

Towne Square Apartments

(located in Vancouver, WA)

Filipino Community of Seattle

Filipino Village Housing

(located in South East Seattle)

Community House

Caroline W. Apartments

(located on Capitol Hill in Seattle)

Yakima Housing Authority

Nueva Primavera

(located in Yakima)

Metropolitan Development Council

Randall Townsend

(located in Tacoma)

(pictured above)

Mt Baker Housing Assoc.

Rainier Apartments

(located in South East Seattle)

Spokane Baptist Assoc. Homes

Lilac Plaza

(located in Spokane)

Kennewick Housing Authority

Volland Street Apartments

(located in Kennewick)



Community Investment Fund at Work in 2012

Our CIF loan fund provides loans which can be used to acquire land and buildings, pay for predevelopment expenses, bridge capital campaigns, pay for construction costs, and bridge tax-credit equity payments.



Mutli Service Center Federal Way's Veteran Project

Federal Way

\$265,127



This \$265,127 loan is for the construction of 36 units of supportive service housing for veterans and their dependant families. It is anticipated that the project will serve 36 households on any given day, 50-60 households per year, and 250-300 households over the course of 5 years.

- Of the 36 units, 9 will be general LIHTC rental units. The other 27 units will be Homeless Housing Units that come with substantial supportive services for:
 - 12 families with dependent children
 - 15 individuals
- 19 units will be at <30% AMI and 17 at <50% AMI.

The design of the physical structure that houses a residential program is an important component of the healing process for marginalized people. This building will be divided into separate areas based on the populations served. The family portion consists of four floors of service enriched housing and program areas. The single adult portion is also divided into service enriched studios and program areas. The single adult and family populations will share a secure lobby that is staffed 24 hours per day. A secure elevator with programmable access points for each population group will be provided to control access to each portion of the building and separate the two population groups accordingly. This construction feature will provide security and allow maximum program flexibility.

Compass Housing Alliance Compass on Dexter

Seattle

\$750,000



This loan for \$750,000 will provide 75 affordable housing units for families with children, comprised of 56 units (75%) for homeless households receiving supportive services and another 18 very low-income households and one manager unit. The project will focus on serving families. The building will also include 4,400 sq. ft. for program-related offices, service space, and tenant common space at ground level and one level of below-grade structured parking. The first floor will also include separate office space that will be paid for and occupied by Compass Housing Alliance. Twenty percent of the units will be set-aside for households affected by disability. The project will serve both "high needs" homeless households (21 units) and households in danger of becoming homeless (14 units).

On-site amenities will include an outdoor deck and green space at the terrace level with a structured play area for resident children; a computer room; offices for convenient and private meetings between residents and staff or service providers; and a community room with kitchen for building-wide functions, celebrations and other resident gatherings. These amenities are intended to meet the needs of a population that is recovering from homelessness, on the brink of homelessness, or working in low-wage industries. Compass on Dexter will be designed to facilitate those activities right where the residents live. Furthermore, offering supportive services on-site in familiar surroundings and a respectful environment will help families to address their particular barriers to household and housing stability.

EQUITABLE TRANSIT COMMUNITIES

In partnership with Puget Sound Regional Council, Impact Capital co-leads the Regional Equity Network of the Growing Transit Communities program with the Seattle CDC Collaborative. The Regional Equity Network convenes community stakeholders, government agencies and nonprofits to work towards the inclusion of traditionally underrepresented groups in the planning of the light rail expansion throughout King, Pierce and Snohomish Counties.

REGIONAL EQUITY NETWORK GOALS

- Ensure a social equity framework is used in all aspects of Growing Transit Communities through interaction with project committees, task forces and work groups, and community engagement.
- Link community and equity organizations in the three major transit corridors.
- Increase the capacity of underrepresented communities to engage in planning and policy making processes.
- Implement and change policy to promote equitable outcomes.

In July, the Regional Equity Network convened a retreat where over 35 organizations and agencies ratified a definition of social equity and guiding principles for equitable development. We are working to incorporate these principles into planning documents and processes in the region.



Got Green's Community Forum, Photos by Susan Fried.

SOCIAL EQUITY means all people can attain the resources and opportunities that improve their quality of life and enable them to reach their full potential. Addressing the history of inequities in the systems we work in and their on-going impacts in our communities is a shared responsibility. Social equity also means that those affected by poverty, communities of color, and historically marginalized communities have leadership and influence in decision making processes, planning, and policy-making. Together we can leverage our collective resources to create communities of opportunity.

Principles of Equitable Development and Planning

- Advance economic opportunity
- Prevent displacement
- Preserve and expand affordable housing options
- Understand and respond to local context
- Promote broader mobility and connectivity
- Practice meaningful community engagement
- Develop healthy and safe communities
- Promote environmental justice
- Achieve full accessibility

Equity Grant Program

Meaningful community engagement and local capacity to be involved in planning is a core component to achieve equitable transit communities. The Equity Grant program provides resources for community organizations to organize and increase the participation of historically underrepresented communities and give voice to community priorities throughout the transit planning processes. **\$257,500 was awarded to 22 organizations in 2012.**

COMMUNITY

COMPREHENSIVE COMMUNITY DEVELOPMENT MEETS TRANSIT ORIENTED DEVELOPMENT

CAPITOL HILL 12th AVE CORRIDOR

We work with Capitol Hill Housing (CHH), the Capitol Hill Chamber, and Capitol Hill Champion to support community engagement in the planning and design of the light rail station and the impact of the Central City Streetcar alignment. Our Equity grants program, through PSRC's Growing Transit Communities program, is supporting outreach to historically underrepresented community members to engage them in the design phase of the Capitol Hill light rail station and incorporate the needs of the neighborhood while preserving its character and culture.

CHH's efforts on 12th Avenue work to create a flourishing and cohesive 12th Avenue Business District that supports a mix of housing for all incomes, preserves opportunities for local businesses, and reflects neighborhood character. Impact Capital provides grant support to CHH's 12th Avenue corridor work. CHH is also leading efforts to create an ECO District to provide a framework for realizing advanced sustainability through behavior change, building design, and infrastructure investments. This effort is a good example of incorporating the Equitable Development Principles of the Regional Equity Network.

Transforming the physical environment and providing needed services and amenities is one key revitalization strategy. Impact Capital has provided loans for two projects on each end of the corridor: The Jefferson (12th and Jefferson), a 40 unit affordable housing project with 4,500 sf. of affordable commercial space, and 12th Avenue Arts (12th & Pine), a 88 unit affordable housing project with flexible performance spaces for theater and other arts, community meeting and nonprofit office space, retail space, and underground parking for the City of Seattle Police Department.

Our work with partner CHH showcases how Impact Capital's programs can be leveraged to address a neighborhood's many issues and needs from commercial district revitalization and equitable transit development to affordable housing and the environment - a comprehensive approach to developing a community.



COMMUNITY BUILDING PROGRAMMING

Impact Capital works with key neighborhood partners to help transform distressed communities into vibrant ones. Our approach recognizes that physical development, while critical, is not enough to create truly vibrant communities. As a result, we work with our partners on the ground to strengthen neighborhood commercial districts, create affordable homes, increase public safety, create parks and open space, improve educational opportunities and help families build homes.

Impact Capital invests time, training and resources in nonprofit organizations to help them sustain long term change in their communities. This investment has transformed nonprofits and strengthened the community development landscape throughout Washington. Our major initiatives are Vibrant Communities; The Knowledge Bank; Neighborhood Commercial District Revitalization; and Equitable Transit Communities.

The Knowledge Bank

Impact Capital provides a range of services and resources to help community development professionals increase their skills and capacity, including technical assistance tailored to the individual organization. We also offer training sessions each year on a range of industry topics. Since 2005, we have hosted 36 trainings attended by 815 participants!

Our partnership with LISC enables us to offer their programs and resources available here in the Pacific Northwest. Examples of LISC programs include: NFL Grassroots program to develop sports and recreational fields; Community Safety Initiative to develop safety programs; and Green Development Center for resources in integrating sustainable development practices into programs.

NEIGHBORHOOD COMMERCIAL DISTRICT REVITALIZATION

Neighborhood business districts are the places where small businesses thrive, communities engage, and jobs are created. Successful small businesses are the key to creating and preserving vibrant, safe, sustainable districts and businesses are most successful when they are located in neighborhoods with an active street life and healthy sense of community.

The Only in Seattle Initiative is a partnership between Seattle's Office of Economic Development and Impact Capital to foster neighborhood business districts.

In 2012, eight districts reported a collective Impact of \$2 million in funds leveraged and:

- 570 new jobs
- 88 new businesses participated
- 220 businesses connected to technical assistance
- Over 500 business & property owners participated
- 70 community safety initiatives delivered
- 50 projects from facades to banners
- Over 100 marketing efforts
- 87,000 attendees at district events



COLLECTIVE IMPACT

\$2 million in funds leveraged

Impact Capital, while working to provide technical assistance and guidance to all Only In Seattle neighborhoods, provides direct support to the following organizations: Beacon Hill Merchants Association, Alliance for Pioneer Square, SCIDpda, White Center CDA, Capitol Hill Housing, and SEED/Rainier Beach Merchants Association.





GINGERBREAD JUBILEE FUNDRAISER

Impact Capital's third annual Gingerbread Jubilee fundraiser took place on December 4, 2012 at FareStart in Seattle, which was generously supported by Bank of America, and KeyBank. This year's live gingerbread decorating competition featured teams from Mercy Housing, Imagine Housing and last year's champions, Housing Hope. Impact Capital has partnered with each of the competitors and FareStart, providing loans, technical assistance and grants to help them achieve their missions.

The teams had a one hour and five minute "live" gingerbread house decorating session. This year's mystery ingredient was lasagna noodles, which had to be incorporated into each structure. A special thanks to our judges Michael Rubinger, President & CEO of Local Initiatives Support Corporation, Jan Laskey, Senior VP Community Development Lending Bank of America, and Doug Ito, Principal at SMR Architects.

Top left: 2012 Gingerbread judges from left to right: Doug Ito, Principal at SMR Architects; Judith Olsen, Executive Director at Impact Capital; Jan Laskey, Bank of America; & Michael Rubinger, LISC CEO & President

Top right: William Rumpf and Sister Lillian Murphy from Mercy Housing

Bottom left: 2012 winning Team "Team Hope" from Housing Hope

Bottom center: "Mistletoe Misfits" from Imagine Housing

Bottom right: "Bakers of Mercy" from Mercy Housing



SUPPORTERS



STAFF

Judith Olsen, *Executive Director*

Chris Moxon, *Senior Program Officer – Lending*

Julie Alexander, *Associate Program Officer*

Seth Benziger, *Program Officer*

Tracy Reich, *Senior Program Officer – Community Programs*

Beth Dufek, *Program Officer*

Heidi Hall, *Equity Network Manager*

Melissa Owen, *Program Officer*

Ingrid Martin, *Controller*

Jill Summit, *Contract Certified Public Accountant*

Dey Brown, *Senior Accounting Clerk*

Elizabeth Padilla, *Associate Program Officer - Compliance*

Top: Jan Laskey, Sister Lillian Murphy, and Michael Rubinger

Below: DeSoto Senior Housing in Walla Walla



INVESTORS:

Annie E. Casey Foundation
Bank of America
Banner Bank
Boeing Employees
Credit Union (BECU)
City of Seattle Office
of Housing
Columbia State Bank
Erich & Hannah
Sachs Foundation
First Security Bank
KeyBank
King County
Northern Trust Bank
US Bancorp
Washington State
Department of Commerce
Washington State
Housing Finance
Commission (WSHFC)
Wells Fargo



CORPORATE &

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Bank of America
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Charitable Foundation
Bank of America through LISC
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KeyBank National Association
Local Initiative
Support Corporation
National Equity Fund
Olympia Federal Savings
Opportunity Finance Network
Sterling Bank
The Seattle Foundation
Union Bank Foundation
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WA State Housing
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Washington Community
Reinvestment Association
Watson McDonell
Wells Fargo Bank

INDIVIDUAL SUPPORTERS

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Lillian Murphy
Linda Bergam
Linda Peterson
M.A. Leonard
Maiko Winkler Chin
Mariano Diaz
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John Chambers
John Harrison
John Woodworth
Joseph Whittingham
Judith Gowdy
Karen Miller
Karen Ruuth
Kathi 'george' Wheeler
Keith Palmer
Laurie Cromwell
Laurie Olson

STATEMENT OF FINANCIAL POSITION (12/31/2012)

ASSETS

Cash & Investments	\$4,731,539
Loans Receivable	\$18,040,308
Accounts Receivable & Other Assets	\$427,704
Total Assets	\$23,199,551

LIABILITIES & NET ASSETS

Accounts & other payables	\$270,788
Loans Payable	\$20,238,657
Total Liabilities	\$20,509,445
Net Assets	\$2,690,106
Total Liabilities & Net Assets	\$23,199,551

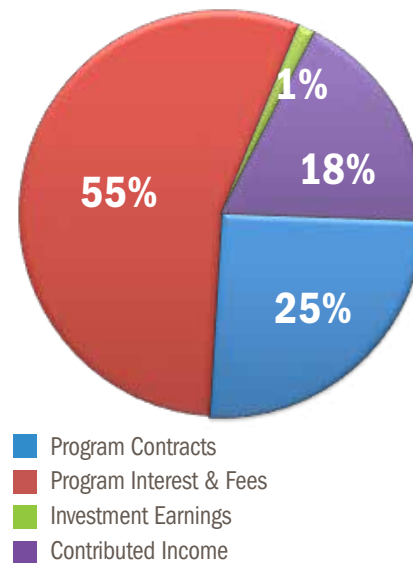
STATEMENT OF ACTIVITIES

	Unrestricted	Temporarily Restricted	Total
Revenues	\$1,789,336	\$79,303	\$1,868,639
Net Assets released from restriction	\$194,459	(\$194,459)	\$0
Total Revenue	\$1,983,795	(115,156)	\$1,868,639
 Total Expense	 \$1,959,965	 \$0	 \$1,959,965
Change in Net Assets	\$23,830	(115,156)	(91,326)
Net Assets beginning of the year	\$953,559	\$1,827,873	\$2,781,432
Net Assets 12/31/12	\$977,389	\$1,712,717	\$2,690,106

REVENUE

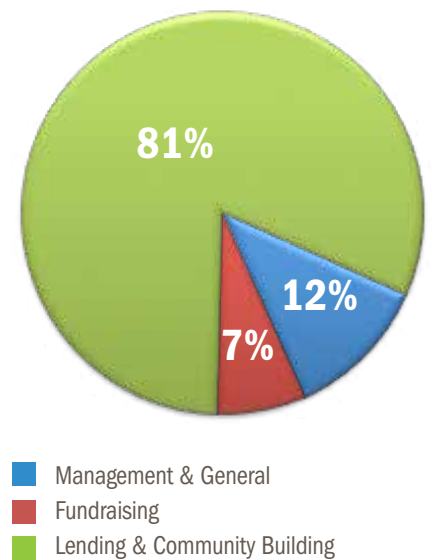
Total: \$1,983,795

Program Contracts	\$503,904
Program Interest & Fees	\$1,095,546
Investment Earnings	\$28,142
Contributed Income	\$356,203



EXPENSE

Management & General	\$229,621
Fundraising	\$137,102
Lending & Community Building	\$1,593,242
Total Expenses	\$1,959,965
Operating Overhead	18.71%



Financial Statement
2012 REPORT TO FUNDERS

REPORT



Seattle

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Spokane

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509-456-8088

www.ImpactCapital.org

INVEST.
TRANSFORM.
SUSTAIN.

PICTURED ON THE FRONT:

*Sound Transit light rail in front of Mercy Housing's
Columbia City Station Apartments*

Bicycle on front of a Metro Transit bus

PICTURED BELOW:

Board members touring the IERR project in Spokane



LISC
*Helping neighbors
build communities*