



In affiliation with LISC



# COMMUNITY

2011 Annual Report  
INVESTING IN ORGANIZATIONS THAT BUILD COMMUNITY



## MISSION STATEMENT

We help build and sustain vibrant neighborhoods in underserved communities throughout Washington.

## BOARD OF DIRECTORS

### OFFICERS

Randy Robinson – Board Chair | *KeyBank*

Ann Melone – Board Vice-Chair | *US Bank*

Susan Duren – Board Treasurer | *Washington Community Reinvestment Association*

Kim Herman – Secretary | *Washington State Housing Finance Commission*

Jan Laskey – Immediate Past Chair | *Bank of America*

### MEMBERS

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Judith Olsen | *Executive Director*

## LETTER FROM THE CHAIR OF THE BOARD



Impact Capital builds better communities through partnerships. In the last 12 months, we directly partnered with over 25 organizations through our lending and community programming, 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.

As a community development financial institution, Impact Capital works within the community in a variety of ways. We act as a catalyst for investment, offering access to capital for nonprofit organizations, tribal entities and housing authorities to spur community development, including affordable housing, art and cultural centers and community facilities. We also work with community partners to improve local neighborhoods – both through our place-based initiatives in Spokane and White Center; our commercial corridors project Only in Seattle, a joint initiative with the City of Seattle; and through our Equitable Transit Communities project with Growing Transit Communities, where we provide the platforms and capacity building for historically underrepresented groups as the light rail expands through Pierce, King and Snohomish counties.

In 2011 we:

- Provided over \$11 million in loans which leveraged over \$212 million in total development costs. These loans financed the building of 984 units of affordable housing and 130,291 square feet of community space in 9 counties across Washington State.
- Granted \$330,928 to community organizations to build capacity and commercial corridor revitalization
- Worked with the Only in Seattle program in 11 neighborhoods, attracting 54 new businesses, conducting 32 clean-up –activities, and making 22 streetscape improvements.
- Highlighted our community partners at the Second Annual Gingerbread Jubilee – awarding over \$5,000 in prizes and raising over \$30,000 to support our mission.
- Said goodbye to Executive Director Heyward Watson as he retired from Impact Capital and welcomed Judith Olsen as his replacement.

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

Randy Robinson  
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.

Impact Capital makes strategic investments in nonprofit community development and affordable housing organizations in ways that enhance and sustain their ability to positively impact the quality of life in communities throughout Washington. We leverage financial resources, national partnerships and local expertise to bring an average of \$23 total development for every \$1 invested by Impact Capital. To date we have invested \$120 million in Washington State, leveraging \$2.8 billion in development.

Over the last 21 years, Impact Capital has worked in partnership with nonprofit organizations in 94% of Washington State Counties to create:

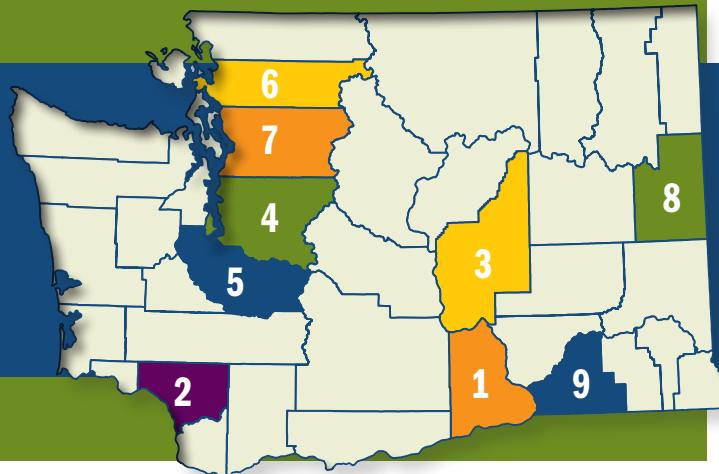
- 18,659 affordable housing and rental housing units
- 13 childcare facilities
- 14 community centers
- 2 job training facilities
- 4 arts and cultural facilities
- 746,784 square feet of retail and industrial space

# 2011

*In 2011 we made 22 loans in 9 counties in Washington State, investing \$11,518,482 and leveraging \$212,990,936 in total development.*

### 2011 PROJECTS

- |            |                |
|------------|----------------|
| 1. BENTON  | 6. SKAGIT      |
| 2. COWLITZ | 7. SNOHOMISH   |
| 3. GRANT   | 8. SPOKANE     |
| 4. KING    | 9. WALLA WALLA |
| 5. PIERCE  |                |



Othello Station

### 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

**LISC**  
*Helping neighbors  
build communities*

# 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.

## ACCESS TO CAPITAL

Impact Capital manages a \$24 million loan pool to help organizations build affordable housing and provide community facilities such as museums, senior centers, and day care centers. We provide early bridge financing for strategic real estate investments. We take the riskiest part of the financing package, thereby attracting other investors to the table. Impact Capital was created to take deep and broad risks necessary to invest in underserved communities. Without a strong vehicle for encouraging healthy transformation, these communities cannot improve. In a changing credit environment, nonprofit organizations and communities need our unique lending tools to continue to meet the basic needs of Washington families.

In 2011 Impact Capital provided over \$11 million in loans which leveraged over \$212 million in total developments costs. These loans financed the building of 984 units of housing, and 130,291 square feet of community space in 9 counties across Washington State.



### 2011 PREDEVELOPMENT LOANS: \$599,369

Zero interest financing of up to \$75,000 for early project feasibility costs associated with the development of affordable housing and community development projects.

Artspace  
Blue Mountain Action Council  
Catholic Charities Housing Services of Yakima  
El Centro de la Raza  
Housing Authority of Skagit County  
Imagine Housing  
Inland Empire Residential Resources  
Kawabe Memorial House Foundation



### 2011 COMMUNITY INVESTMENT FUND PROJECTS: \$10,737,693

Secured interest-bearing 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.

Artspace  
Catholic Housing Services  
Children's Museum of Tacoma  
Inland Empire Residential Resources  
Interim Community Development Association  
Manufactured Housing Community Preservationists  
Technology Access Foundation

# Bethaday Community Learning Space

**TECHNOLOGY ACCESS FOUNDATION**

**\$1,463,500 Construction & New Market Tax Credit Bridge Loan**



Impact Capital provides bridge loans for a variety of projects, not just affordable housing. In 2011 we partnered with the Technology Access Foundation (TAF) to provide a \$1.7 million loan for the brand new Bethaday Community Learning Space. This \$12.4 million dollar project built on land donated by King County Parks will allow TAF to continue expanding their vital education services to students and community members in White Center and the surrounding areas.

TAF's mission is to equip students of color for success in college and life through the power of a STEM (Science, Technology, Engineering, Math) education. Begun in 1996, TAF began expanding in 2008, with classes in Seattle, White Center and Federal Way. Now partnering with area schools, the TAF Academy creates student experiences in and out of the classroom through the application of STEM principles, preparation for college and real world application. Their student body (6th – 12th grade levels) is 51% low-income, 9% special education, 2% English language learners and 62% of color. After 3 years of operation, TAF students are showing significantly higher scoring than their district and state counterparts. TAF's TechStart program offers after school technology labs for White Center elementary students grades 1st – 8th.

The Bethaday Community Learning Space will allow TAF to continue growing their programming. Their current facilities only allow service for 475 students per year, but by 2020, TAF hopes to be serving 20,000 students. They plan on adding more academies and a professional development program for school teachers. The project is GOLD LEED certified, and will include 4 wireless learning labs, academic support and robotics lab, project space and a community room with catering kitchen. In addition to the 50-70 construction jobs, Bethaday will house 16 full-time and 25 part-time instructional jobs.

Impact Capital is proud to work with TAF on this project which improves access to education opportunities in White Center in addition to supporting underserved populations and creating a sense of community.

*This project was made possible in part by the Annie E Casey Foundation.*



## 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 non-profit 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 (in Spokane and White Center); The Knowledge Bank; Commercial Corridor Revitalization through the Only in Seattle program; 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 34 training attended by 773 participants!

Our partnership with LISC makes their programs and resources available here in the Pacific Northwest. These include: The 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.

## Vibrant Communities: Spokane & White Center

In each Vibrant Community, Impact Capital works in partnership with a community organization (designated as the local lead) and the local government. The cornerstone of this program is the development of a neighborhood action plan. The plan contains a variety of action items to be completed in short – long term timelines. The lead agency stewards the plan, but no one agency is expected to complete everything in the plan. Instead the expectation is that a variety of partners will collaborate to achieve the vision, strategies, and actions laid out in the plan.

Impact Capital not only guides the process to ensure that activities are implemented effectively, but also provide financial and community resources, expertise, project management, connections to partners and technical assistance that helps strengthen participating communities' skills and empowers them to sustain their work over the long term, well beyond the completion of the project itself. The local and national experience and relationships we bring allow us to serve as a valuable and trusted bridge between the efforts of communities and the interests of funders and other core community stakeholders.

### WHITE CENTER

**Lead Partner:**

**White Center CDA**

**2011 Grant: \$50,000**

**2011 Loan Capital: \$1.4 Million**

White Center is one of King County's most diverse areas. As an affordable place to live or own a business, it has become home to a large immigrant populations from Southeast Asia, Central America and Europe, with over 54 languages spoken in schools and its businesses. Impact Capital has been working with the White Center CDA since its inception, helping to shape this up and coming neighborhood. In 2011 Impact Capital supported the organization with a capacity building grant of \$50,000 to assist with the implementation of their Neighborhood Action Plan, and through their participation in the Only In Seattle program.



## White Center

### SPOKANE

**Lead Partner:**

**East Central Community Organization**

**2011 Grant: \$32,095**

**2011 Loan Capital: \$357,000**

The area now known as the International District just east of the city center was once a bustling community with a growing commercial district. However, the construction of I-90 bisected the neighborhood in the 1960's, and then area fell into a period of decline. Since Impact Capital began working in the District, we have seen the neighborhood turn around, rebranding it as a retail destination and highlighting the unique businesses that populate its streets.



# Commercial Corridor 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 district. 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 that:

- Allow small businesses to grow and flourish, making a positive contribution to the city's economic health, and
- Reflect the unique character of the neighborhoods where they are located and contribute to their vitality.

This initiative is based on proven methodologies for creating vibrant business districts. There are a set of core building blocks that are the critical components of any successful district. Business districts benefit most from comprehensive approaches that work simultaneously to build the following strategy areas:

- Business Organization
- Business and Retail Development
- Safety and Cleanliness
- Marketing and Promotion
- Appearance and Pedestrian Environment



Impact Capital, while working to provide technical assistance and guidance to all Only In Seattle neighborhoods, provides direct support to the these organizations.





# Equitable Transit Communities



In partnership with the Puget Sound Regional Council, Impact Capital has joined the Growing Transit Communities Initiative as the co-leader of the Regional Equity Network. As the region prepares for major new transit investments that will be built over the next 20 years, the Regional Equity Network will convene a number of 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.



## ROUND ONE GRANT AWARDS \$110,874

Impact Capital also manages the Equity Grant Program, designed to increase the capacity of community-based organizations and the communities they work with to engage in planning and policy development that will shape the future of transit station areas and surrounding neighborhoods in the region's light rail corridors. Grants to community organizations will provide resources to organize and increase participation of historically underrepresented communities and give voice to community priorities. Meaningful community engagement and local capacity to be involved in planning is a core component to achieve equitable transit communities.

## ROUND ONE GRANTEEES

Refugee and Immigrant Services Northwest  
Snohomish County Transportation Coalition / Senior Services  
of Snohomish County  
Housing Consortium of Everett and Snohomish County  
Hopelink/ Eastside Easy Rider Collaborative  
Rainer Beach Community Empowerment Coalition  
Seattle Chinatown International District PDA  
East African Community Services  
Refugee Federation Service Center  
Cross Cultural Collaborative of Pierce County / Centro Latino  
Tacoma-Pierce County Affordable Housing Consortium



# South Kirkland Park & Ride

## IMAGINE HOUSING

### \$75,000 Predevelopment Financing



Transit Oriented Development (TOD) projects are designed to encourage the use of alternate transportation (walking, biking, carpooling, mass transit) by bringing people closer to transit facilities improving the pedestrian environment. Impact Capital has been funding Transit Oriented Development (TOD) projects for years, and TOD has recently become a key focus point for the region's development, thanks in part to two new federal grants from HUD.

Impact Capital has committed \$4 million to TOD capital financing in partnership with both the Puget Sound Regional Council and the City of Seattle as part of each of these agencies' new HUD grants for TOD planning and development.



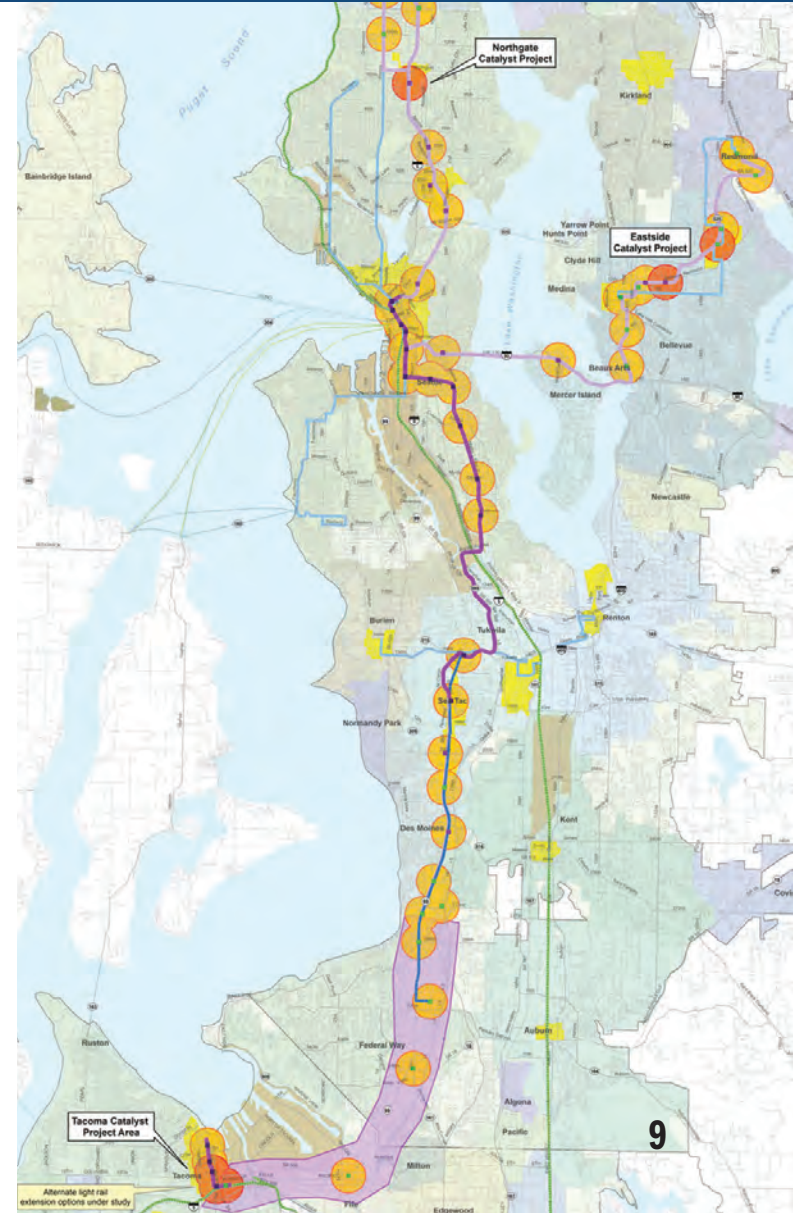
#### SOUTH KIRKLAND PARK AND RIDE

The South Kirkland Park and Ride project is an example of the TOD project Impact Capital has been financing. This massive project will cover seven acres between Kirkland and Bellevue, and include a parking garage and an improved surface parking lot and a retail plaza. There will also be two buildings, one of which will provide market-rate housing and ground floor

commercial space. The other will provide 58 units of affordable housing, half dedicated to low and moderate income.

Affordable housing has been a key component of the South Kirkland TOD project, considered by the City of Kirkland a key component of their housing strategy. The units will provide homes for those who work in Kirkland, but cannot afford to live there.

The center will also service the need for additional parking and planned increase in peak hour transit service in the region. The site of the project is in close proximity to Totem Lake, the University of Washington, Downtown Seattle and major commercial areas in Kirkland.







## GINGERBREAD JUBILEE FUNDRAISER

Impact Capital's second annual Gingerbread Jubilee fundraiser took place on December 6, 2011 at FareStart in Seattle. Generously supported by Bank of America, BECU and the Bill and Melinda Gates Foundation, this year's live gingerbread decorating competition featured teams from Compass Housing Alliance, Housing Hope and last year's champion, the Seattle Chinatown International District Development and Preservation Authority (SCIDpda). Impact Capital has worked with each of the competitors and FareStart, providing loans, technical assistance and grants to help them achieve their missions.

Each team, with the help of an architect, created (in advance) unadorned gingerbread structures representative of "what community means" to their organization. The timed competition allotted 65 minutes for each team to decorate their structure with the candy and icing provided. The mystery ingredient, an ice cream cone, had to be incorporated into each structure. Judges included Gary Oakland from BECU, Christi Gordon from Bank of America and Chef Emily Moore from Le Cordon Bleu, votes were also collected from the audience.



Far left: 2011 Gingerbread Jubilee Champions: Housing Hope's "Hope Builders"

Top: SCIDpda's Ginga Ninja's structure

Left: Heyward Watson

Above: Compass Housing Alliance's "Communitree"





Top row L to R: Fred Safstrom of Hope Builders accepts first prize; Hope Builders from Housing Hope

Middle row L to R: Judge Gary Oakland; John Swanson and Steve Puryear; Emily Evenson of SCIDpda's "Ginga Ninjas"

Bottom row L to R: Judges Chef Emily Moore and Christi Gordon; Angella Kinder, Lauren Lindheumerr, Ande Yahr, Susan Boyd

Gingerbread Jubilee photos by Ryan Castoldi



#### GINGERBREAD JUBILEE SPONSORS

Bank of America  
Boeing Employees' Credit Union (BECU)  
Bill and Melinda Gates Foundation  
Banner Bank  
Umpqua Bank  
Foster Pepper & Shefelman  
KeyBank

#### GINGERBREAD JUBILEE AUCTION DONORS

Banner Bank  
Book Larder  
Craven's Coffee  
Dubsea Coffee  
High 5 Pie  
Kobo  
Local Vine  
Northwest Film Forum  
Seattle Pinball Museum  
Wing Luke Museum



# Supporters



## INVESTORS:

Washington State Housing  
Finance Commission  
Boeing Employees'  
Credit Union (BECU)  
Bank of America  
Annie E Casey Foundation  
U.S. Bank  
City of Seattle  
Office of Housing  
Key Bank  
Wells Fargo  
Columbia State Bank  
Northern Trust  
WA Dept of Commerce  
Banner Bank  
King County  
Erich and Hannah Sachs  
Foundation  
Snohomish County  
City of Tacoma  
City of Spokane

## CORPORATE & FOUNDATION DONORS:

JP Morgan Chase Foundation  
Boeing Employees'  
Credit Union (BECU)  
Local Initiatives  
Support Corporation  
U.S. Bancorp Foundation  
The Seattle Foundation  
Annie E. Casey Foundation  
Bank of America Foundation  
Bank of America  
Key Foundation  
Key Bank National  
Association  
Wells Fargo Bank  
Union Bank Foundation  
Washington Community  
Reinvestment Association  
Olympia Federal Savings  
& Loan Association  
Banner Bank  
Foster Pepper & Shefelman  
The Massena Foundation  
Watson & McDonell, PLLC  
AmericanWest Bank  
National Equity Fund  
PolicyLink  
Sterling Savings Bank  
Kantor Taylor Nelson & Boyd

## INDIVIDUAL SUPPORTERS

Alyssa Aimette  
Natalie Beckmann  
Linda Bergam  
Janet Boguch  
Michael Brown  
Susan Cary  
Tyler J Chin  
Jonathan Clarke  
Lauren Cromwell  
Mollie Curran  
Beth Dufek  
Susan Duren  
Linda Hall  
Kim Herman  
Harry Hoffman  
Wendy Jans  
Tim Jewett  
Timothy Jones  
Leslie Kennedy  
Hyeok Kim  
Donald King  
Kameron Kirkevold  
Melissa Kiser  
Lowel Krueger  
Jan Laskey  
Joanne LaTuchie  
Kim A. Loveall Price  
Gerald McKay Jr.  
Ann Melone  
Marchelle Mertens

Rachel Myers  
Gary Oakland  
Christopher Persons  
Edwin Petersen  
James Potter  
Timothy Rash  
Gretchen Reade  
T. Ellen Reich  
June Robinson  
Randy Robinson  
Bill Rumpf  
Guillermo Sandoval  
Kim Sather  
Florenlee M. Sempel  
Leslie Shapiro  
Leslie Smith  
Michael Strand  
Vikki Strand  
Jill Summit  
Josephine Tamayo Murray  
Thomas Tierney  
Anthony To  
Trinette Trinh  
Rob Van Tassell  
Maiko Winkler-Chin  
Melissa Wolfe

## STAFF

Judith Olsen, *Executive Director*

Melanie Gillespie, *Director of Lending*

Elsa Kings, *Program Officer*

Julie Alexander, *Associate Program Officer*

Seth Benziger, *Associate Program Officer*

Tracy Reich, *Director of Community Programs*

Beth Dufek, *Program Officer*

Heidi Hall, *Equity Network Manager*

Melissa Owen, *Associate Program Officer*

Ingrid Martin, *Controller*

Jill Summit, *Contract Certified Public Accountant*

Dey Brown, *Senior Accounting Clerk*

Elizabeth Padilla, *Associate Program Officer - Compliance*

T. Ellen Reich, *Director of Development and External Relations*

*Left: Sebastian Glowacki*

*Below: Housing Hope's Ed Petersen and friends*





## STATEMENT OF FINANCIAL POSITION (12/31/2011)

### ASSETS

Cash & Investments	\$6,896,483
Loans Receivable	\$16,679,598
Accounts Receivable & Other Assets	\$389,998
<b>Total Assets</b>	<b>\$23,966,079</b>

### LIABILITIES & NET ASSETS

Accounts & other payables	\$434,647
Loans Payable	\$20,750,000
<b>Total Liabilities</b>	<b>\$21,184,647</b>
<b>Net Assets</b>	<b>\$2,781,432</b>
<b>Total Liabilities &amp; Net Assets</b>	<b>\$23,966,079</b>

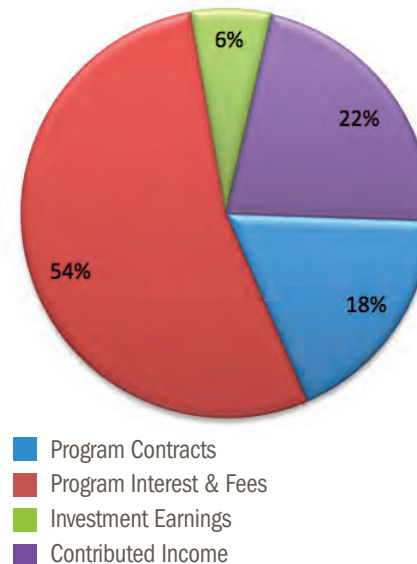
## STATEMENT OF ACTIVITIES

	Unrestricted	Temporarily Restricted	Total
Revenues	\$1,361,740	\$106,513	\$1,468,253
Net Assets released from restriction	\$364,575	- \$364,575	\$0
<b>Total Revenue</b>	<b>\$1,726,315</b>	<b>- \$258,062</b>	<b>\$1,468,253</b>
Total Expense	\$2,340,120	\$0	\$2,340,120
Change in Net Assets	- \$613,805	- \$258,062	- \$871,867
Net Assets beginning of the year	\$1,567,364	\$2,085,935	\$3,653,299
<b>Net Assets 12/31/11</b>	<b>\$953,559</b>	<b>\$1,827,873</b>	<b>\$2,781,432</b>

## REVENUE

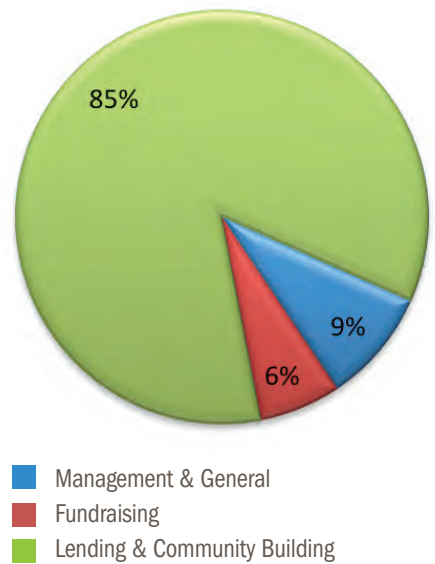
Total: \$1,468,253

Program Contracts	\$263,741
Program Interest & Fees	\$788,625
Investment Earnings	\$93,506
Contributed Income	\$322,381



## EXPENSE

Management & General	\$208,486
Fundraising	\$149,088
Lending & Community Building	\$1,982,546
<b>Total Expenses</b>	<b>\$2,340,120</b>
Operating Overhead	15%



# Financial Statement

## 2011 REPORT TO FUNDERS



## Seattle

401 Second Ave S  
Suite 301  
Seattle, WA 98104  
206-587-3200

## Spokane

PO Box 3707  
Spokane, WA 99220  
509-456-8088

[www.ImpactCapital.org](http://www.ImpactCapital.org)

### PICTURED ON THE FRONT:

*Construction tour at Unity Village in White Center*

*Bethaday Community Learning Center*

### PICTURED BELOW:

*New Years Festival in Spokane's International District*

*Interim CDA*

*Metro bus at a new Transit Center*



**LISC**  
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