LOOKING FORWARD

IMAGINING A WELL-HOUSED WASHINGTON STATE
**LIFETIME IMPACTS FOR NORTHWEST FAMILIES**

Since our founding in 2000 Impact Capital has provided more than $144.7M in Community Development Loans – and leveraged over $3.4 billion – to create and preserve affordable housing, community facilities, and retail space that enhance the lives of low- and moderate-income residents.

**WHAT WE DO**

We partner with nonprofits to provide early investment and essential resources to nurture healthy neighborhoods, revitalize commercial districts, and sustain places that diverse people call home.

**OUR MISSION**

We provide access to capital to low- and moderate-income communities in the Northwest.

<table>
<thead>
<tr>
<th>OUR 2015 IMPACTS</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>$111,867,896</strong> Capital Leveraged</td>
</tr>
<tr>
<td><strong>43,181 Sq Ft</strong> Retail and Industrial Space Developed</td>
</tr>
<tr>
<td><strong>1</strong> Child Care Facility Financed</td>
</tr>
<tr>
<td><strong>579</strong> Affordable Housing Units Created or Preserved</td>
</tr>
<tr>
<td><strong>31</strong> Affordable Homes Created or Preserved</td>
</tr>
<tr>
<td><strong>$3,682,250</strong> in Loans Closed</td>
</tr>
</tbody>
</table>
Community Partners, Investors and Colleagues,

As we say goodbye to 2015, we find ourselves looking forward. A major highlight of Impact Capital’s year was our $900,000 Community Development Financial Institution (CDFI) award, which will allow us to expand crucial preservation work in 2016, work that is vital to the affordable housing landscape.

Before our eyes, communities across the state struggle to meet affordable housing needs. Up and down the I-5 corridor from Vancouver to Bellingham, and in Eastern Washington from Yakima to Walla Walla and Spokane. Everywhere the story is the same – a lack of affordable housing and an aging housing stock. With this in mind, the board, staff, and a community partner focus group developed a 2016 – 2018 strategic plan. The plan calls for IC to respond to community need by creating new loan programs, so nonprofits have ready access to capital. We witnessed a rebound in predevelopment loans in our Community Development Loan Fund this past year, closing 10 new loans for a total of $825,000 – an increase of 60% from the previous four years. That signals a busy development pipeline ahead.

Impact Capital said farewell to board president Guillermo Sandoval in 2015, who left the Northwest for California. We thank him for his service and wish him well. We also ended our long standing partnership with LISC. In a final joint venture which included State Farm, we worked together to provide financing for a Creative Placemaking project in Tacoma, a project that will help support revitalization efforts in the South Tacoma Business District.

We happily continue ongoing relationships with many old friends, but are excited about engaging with potential new allies. We are confident our strategic plan will guide us into the future and help sustain communities where people live, work, play and thrive. I encourage you to contact us if you have a project on the drawing board to see if we can partner together; our lending programs are creative and responsive to your specific needs. And to potential new investors, our history is one of community impact, and we would love to have you as one of our financial partners.

With gratitude to each and every one of you who supports Impact Capital in everything you do,

Lowel Krueger, Board President
Judith Olsen, President
COMMUNITY LENDING FOR NONPROFITS

Capital for new projects can be scarce for nonprofits, housing authorities, and tribal entities. We offer essential early-stage financing not available elsewhere in the marketplace, which jumpstarts development and attracts more financing.

676 LOANS
MAKING AN IMPACT FOR FAMILIES ACROSS WASHINGTON
As a young nonprofit, with a big vision of healing traumatized kids, we wouldn’t be able to realize the dream of the first multigenerational community that supports stability and permanence for kids in foster and kinship care in our state. Thanks to Impact Capital, we are able to access the consultants and legal services we need as part of the pre-development process to move our project along.

— Helen Lakeru, President & Founder, Many Lights Foundation
Impact Capital has stepped in as a partner in the earlier stages of design and development. Without a pre-development loan, we could not get a project of this scale or potential positive impact off the ground.

— Lisa Byers, Executive Director, OPAL Community Land Trust
Emerald Cities Seattle

MANAGING LONG-TERM AFFORDABILITY IN SEATTLE THROUGH GREEN CONSTRUCTION AND CONSERVATION

Emerald Cities Seattle (ECS) is part of Emerald Cities Collaborative (ECC), a national nonprofit network working for a sustainable environment and economic opportunities for all. The ECS RENEW program is designed to reduce water and energy consumption among Seattle’s existing affordable housing projects, which helps keep rent affordable. ECS will use Impact Capital loan proceeds to streamline initial property evaluation costs, bringing potential projects into their pipeline.

emeraldcities.org/cities/seattle

ECS also leads a multi-stakeholder group to explore policy opportunities to advance energy efficiency in commercial buildings. These green efforts support the City’s Climate Action Plan, and put Seattle on a path to become a carbon neutral city by 2050. Read more at emeraldcities.org.
BREAKING CYCLES OF POVERTY AND HOMELESSNESS FOR SPOKANE FAMILIES

Transitions works with homeless and low-income single women, and women with children, to provide a stable environment, and get them out of poverty permanently. Leveraging Spokane’s “cottage ordinance,” Transitions intends to build 24 small cottages for women and children. Impact Capital provided early-in predevelopment financing to help Transitions attract permanent financing for this project, which includes permanent, affordable, supportive housing with onsite job training and skill building programs.

help4women.org

ADDRESSING THE EFFECTS OF SUBURBANIZED POVERTY IN SOUTH KING AND NORTH PIERCE COUNTIES

As poverty is being pushed into South King County, local providers are seeing increasing demands for counseling and support services. A loan from Impact Capital helped Auburn Youth Resources (AYR) complete necessary predevelopment work for the acquisition and rehabilitation of an existing medical facility, which will enable AYR to consolidate their mental health resources under one roof. In addition to centralizing their mental health services, this project helps AYR increase capacity while simultaneously freeing up space on campus, enabling them to provide more services to vulnerable children, youth, and families.

ayr4kids.org
INTERSECTIONS OF ART, CULTURE, AND EARLY CHILDHOOD DEVELOPMENT

Impact Capital continued its support for the Artspace affordable housing project by stepping in to help bridge a grant from the City of Seattle. The City’s grant supports build-out of four commercial units and two patio spaces in the Artspace Mt. Baker Station Lofts project. This commercial build-out will meet the needs of the newly created Hoa Mai Vietnamese Bilingual Preschool. Hoa Mai is a collaborative effort between the Vietnamese Friendship Association and Sound Child Care Solutions, and marks the first Vietnamese-English dual-language child development center in Seattle.

artspace.org

In the field of Early Childhood Education, facility use is often a barrier and obstacle for agencies. The Impact Capital Loan was instrumental for the preschool to open its doors to southeast Seattle, the first Vietnamese/English Bilingual Preschool in the Northwest. We are truly grateful.

— Gloria Hodge, Director, Hoa Mai Vietnamese Bilingual Preschool
SCIDpda
Seattle Chinatown International District Preservations and Development Authority

REBUILDING AND REPURPOSING A COMMUNITY LANDMARK

Impact Capital is proud to support a unique partnership between SCIDpda and the Louisa Hotel, a family-owned building in the Chinatown International District in Seattle. In order to attract the necessary New Markets Tax Credit financing, Impact Capital is providing critical pre-development financing to help ensure this project is shovel ready. This historic Chinatown International District landmark housed some of the neighborhood’s longest operating businesses before it burned on Christmas Eve, 2013. The redevelopment of the Louisa Hotel will transform a vacant and unsafe historic building into 8,500+ square feet of neighborhood retail space and 87 units of new housing.

scidpda.org

It is essential for us to preserve family buildings like the Louisa Hotel to protect the character of Seattle’s Historic Chinatown. Support from Impact Capital helps us revitalize this essential community hub to better serve our neighborhood families, retail owners, and visitors.

— Tanya Woo, The Louisa Hotel
2015 Borrowers

TOGETHER WE CAN MAKE A LASTING IMPACT

**2015 BORROWERS**

Mental Health Housing Foundation
  *Auburn Homestead, Auburn*

Auburn Youth Resources
  *AYR Campus Phase I, South Auburn*

Congregations for the Homeless
  *Eastside Winter Shelter, Bellevue*

Downtown Emergency Service Center
  *Estelle Supportive Housing, Seattle*

Many Lights Foundation
  *Hope Lights Community, Tacoma*

SCIDpda
  *Louisa Hotel, Seattle*

Art Space
  *Mount Baker Build Out, Seattle*

Housing Authority, City of Kennewick
  *Nueva Vista Phase II, Kennewick*

Seattle Foundation/Emerald Cities Seattle
  *RENEW, Seattle*

Interim Community Development Association
  *Revolving Line of Credit, Seattle*

Homestead CLT
  *Riverton Park, Tukwila*

Opal Community Land Trust
  *Rose Apartments, Eastsound*

Transitions
  *Transitions Housing, Spokane*

Housing Hope
  *Twin Lakes Landing, Marysville*

Mount Baker Housing Association
  *Village Apartments, Seattle*
Thank You

We offer heartfelt thanks to our Impact Capital family of supporters. We are proud to list friends, partners, donors, and colleagues who made everything possible in 2015. Your support helps us build vibrant communities throughout Washington State.

CORPORATE, FOUNDATION AND GOVERNMENT SUPPORTERS

AmazonSmile Foundation
AmericanWest Bank
Anonymous Donors
Bank of America Foundation
Banner Bank
Beacon Development Group
Boeing Employees’ Credit Union (BECU)
Heritage Bank
JPMorgan Chase Foundation
KeyBank Foundation
Local Initiatives Support Corporation (LISC)
Margaret A. Roberts Charitable Foundation
Olympia Federal Savings
The Seattle Foundation
U.S. Bank Foundation
Union Bank Foundation
United States Department of the Treasury
Washington Community Reinvestment Association
Washington Federal Foundation
Wells Fargo Foundation

INDIVIDUAL SUPPORTERS

Susan Duren
Saeed Hajaranizadeh
Bryan Ketcham
Lowel Krueger
Jan Laskey
Ingrid Martin
Zebedee McCall
Ann Melone
Doug Prince
Randy Robinson
Jill Summit
Maiko Winkler-Chin

INVESTORS

1st Security Bank of Washington
Banner Bank
Boeing Employees’ Credit Union (BECU)
City of Seattle, Office of Housing
City of Tacoma
Columbia State Bank
Key Community Development Corporation
King County
Northern Trust Company
Snohomish County
State of Washington Department of Commerce
U.S. Bancorp Community Development Corporation
Washington State Housing Finance Commission
Your Impact Capital Team

**STAFF**

- **Judith Olsen**  
  *President*

- **Chad Janicki**  
  *Director, Finance and Administration*

- **Seth Benziger**  
  *Vice President, Lending*

- **Michael Blumson**  
  *Program Officer, Lending*

- **Rachel Warren**  
  *Assistant Program Officer, Lending*

- **Michael Murray**  
  *Assistant Program Officer, Compliance*

*Not pictured: Jamie Cook – Contract CPA*
2016 BOARD OF DIRECTORS

OFFICERS

Lowel Krueger
Board Chair
Executive Committee Chair
Executive Director | Yakima Housing Authority

Saeed J. Hajarizadeh
Vice Board Chair
Deputy Director | Vancouver Housing Authority

Doug Prince
Board Secretary
Partner | Foster Pepper PLLC

Susan Duren
Board Treasurer
Loan Committee Chair
President | Washington Community Reinvestment Association

Kim Herman
Immediate Past Board President
Executive Director | Washington State Housing Finance Commission

MEMBERS

Kim Etherton
Vice President | Umpqua Bank, Spokane

Maureen Fife
Executive Director, CEO | Tacoma-Pierce County Habitat for Humanity

Bryan Ketcham
Director | Catholic Charities Housing Services of Yakima

Randy Robinson
Senior Vice President, Community Development Lending | Heritage Bank

Steve Walker
Director | Office of Housing, City of Seattle

Judith Olsen
President | Impact Capital

Please Pass it On

Do you like the stories in this report?
Please share them with your friends and colleagues.
Financial Overview
December 31, 2015

STATEMENT OF FINANCIAL POSITION

<table>
<thead>
<tr>
<th>ASSETS</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash &amp; Investments</td>
<td>$11,901,375</td>
</tr>
<tr>
<td>Loans Receivable</td>
<td>$4,748,845</td>
</tr>
<tr>
<td>Accounts Receivable &amp; Other Assets</td>
<td>$1,104,142</td>
</tr>
<tr>
<td>Total Assets</td>
<td>$17,754,362</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>LIABILITIES &amp; NET ASSETS</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Accounts &amp; Other Payables</td>
<td>$132,893</td>
</tr>
<tr>
<td>Loans Payable</td>
<td>$13,500,000</td>
</tr>
<tr>
<td>Total Liabilities</td>
<td>$13,632,893</td>
</tr>
<tr>
<td>Net Assets</td>
<td>$4,121,469</td>
</tr>
<tr>
<td>Total Liabilities &amp; Net Assets</td>
<td>$17,754,362</td>
</tr>
</tbody>
</table>

STATEMENT OF ACTIVITIES

<table>
<thead>
<tr>
<th></th>
<th>Unrestricted</th>
<th>Temporarily Restricted</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenues</td>
<td>$605,197</td>
<td>$930,219</td>
<td>$1,535,416</td>
</tr>
<tr>
<td>Net Assets Released from Restriction</td>
<td>$7,234</td>
<td>($7,234)</td>
<td>$0</td>
</tr>
<tr>
<td>Total Revenue</td>
<td>$612,431</td>
<td>$922,985</td>
<td>$1,535,416</td>
</tr>
</tbody>
</table>

| Total Expense          | $1,074,872   | $0                     | $1,074,872  |
| Change in Net Assets   | ($462,441)   | $922,985               | $460,544    |
| Net Assets Beginning of the Year | $1,445,191 | $2,215,734             | $3,660,925  |
| Net Assets             | $982,750     | $3,138,719             | $4,121,469  |

100% OF OUR FINANCING BENEFITED LOW-INCOME INDIVIDUALS
The line of credit provided by Impact Capital to Emerald Cities Seattle will help us support the development of energy and water efficiency projects for non-profit affordable housing owners. These projects will help reduce operating costs and provide much needed financial stability. Innovation like this from Impact Capital is an example of what is needed to solve our housing and environmental challenges.

— Steve Gelb, Local Director of Emerald Cities Seattle

Photo by Michael B. Maine

PARTNERS FOR STRONG NORTHWEST COMMUNITIES

TOGETHER WE CAN MAKE A LASTING IMPACT

206-587-3200 or 800-336-0679
impactcapital.org