

NORTHERN
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COMMUNITY
LOAN FUND

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NORTHERN CALIFORNIA COMMUNITY LOAN FUND Social Impact Report for Fiscal 2013



FY 2013 is October 1 2012 through September 30 2013

Social Impact at NCCLF

Northern California Community Loan Fund (NCCLF) has worked since 1987 to promote economic justice and alleviate poverty by increasing the financial resilience and sustainability of community-based nonprofits and enterprises. Through flexible financial products and sound advice, we create opportunities to make socially responsible investments that revitalize low-income communities in the 46 northernmost counties of California.

The fiscal year ending September 30, 2013 was a period of exceptional achievement for NCCLF. As Table 1 shows, we closed 24 new loans, totaling \$13,337,669, to benefit projects serving low-income residents of eleven counties. The projects financed by these loans created or preserved 1,372 jobs, 478 low-income housing units, and 127,041 square feet of community facility space. The Treasury Department’s CDFI Fund awarded NCCLF a \$20 million New Market Tax Credit (NMTC) allocation, and we subsequently closed one transaction for the A.C.T. Strand Theatre in San Francisco, deploying \$6 million in credits. For another project, the East Oakland Youth Development Center, we committed \$8.5 million in credits, and for West Hills Community College Farm of the Future project in Coalinga, we structured financing in FY 2013 and then closed in early FY 2014, deploying another \$5.5 million.

Our Consulting and Training Department completed 40 engagements and 14 workshops. Our staff helped organize and lead the second Community Facilities Challenge, a real estate feasibility competition for students at the California State University, Fresno. Our Consulting team also focused on the Central Market district of San Francisco, where rapid commercial development is squeezing out the nonprofits that serve neighborhoods with high levels of poverty. We helped develop the Community Arts Stabilization Trust (CAST) which is purchasing real estate in key locations to protect community arts organizations from the surging San Francisco real estate market.

At year end, our loan fund totaled \$39.8 million including 226 investments totaling \$29.4 million. These included 165 investments by individuals, the average size of which increased to \$37,894, a new high. The impact of these lending, consulting, and investment activities is described in detail below.

Table 1: NCCLF’s Social Impact in FY 2013

Lending Impact	FY 2013	Life to date (through end of FY 2013)
Total number of loans closed	24	314
Total dollar amount of loans closed	\$13,337,669	\$105,007,485
Facility square feet created or preserved	127,041	1,644,886
Housing units created or preserved	478	6,220
Amount of total that is nonprofit working capital lending	\$893,981	\$13,118,029
Number of permanent and construction jobs created or preserved	1,372	15,831
Individuals served by these projects	79,848	782,956
Total other financing dollars leveraged	\$160,530,265	\$1,230,116,342
New Market Tax Credits Impact	FY 2013	Life to date (through end of FY 2013)
Total number of NMTC projects closed	1	6
NMTC allocation awarded	\$20,000,000	\$79,235,000
NMTC allocation deployed	\$6,000,000	\$65,235,000

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Facility square feet created or preserved	20,000	187,000
Housing units created or preserved	0	36
Number of permanent and construction jobs created or preserved	75	2369
Individuals served by these projects	10,000	186,316
Total other financing dollars leveraged	\$29,600,000	\$134,831,382
Total community investment (loan fund lending plus NMTC financing closed)	\$18,837,669	\$170,242,485
Consulting Impact	FY 2013	Life to date (through end of FY 2013)
Number of consultations completed	40	350
Financial management consultations	17	185
Real estate consultations	23	165
Workshops held	14	130
Workshop participants	199	1,952
Organizations reached by workshops	144	1,564
Grants distributed	\$50,000	\$8,806,178
Investor Impact	FY 2013	Life to date (through end of FY 2013)
Investments closed	72	1,144
Renewal rate	77%	74%
Average size of investment/individual	\$ 37,984	\$ 22,367
Average size of investment/organization	\$380,732	\$253,093
Amount of investor capital lost	\$0	\$0

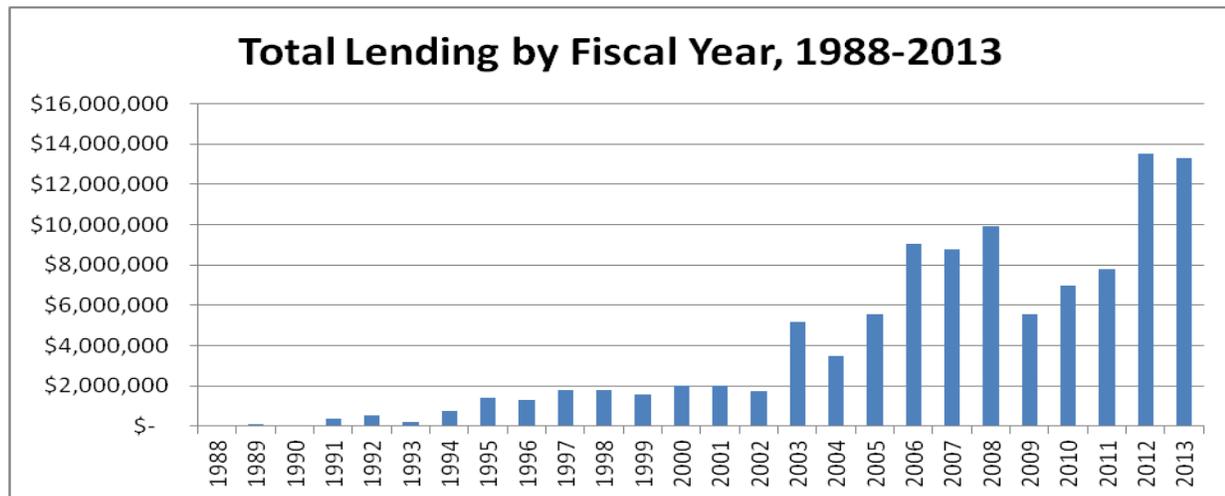


Figure 1: Total Loans Closed by Fiscal Year

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Lending Outcomes

NCCLF's lending program closed \$13,337,669 in loans during FY 2013 (see Figure 1). In total, NCCLF closed 24 loans in 11 counties -- eight facilities loans, six housing loans, and 10 business loans. Please refer to Table 2 for a summary breakdown.

Table 2: Impact of Loans Closed in FY 2013

Organization Name	Project County	Amount	Total Development Cost	Amount Leveraged	Commercial Square Feet	Total Housing Units	Clients Served	Total Permanent Jobs	Total Construction Jobs
Community Facility Loans									
Crescent City Harbor District	Del Norte	\$ 1,500,000	\$ 38,200,000	\$ 36,700,000	5,000	-	550	11	10
Destiny Arts Center - Acquisition	Alameda	\$ 625,000	\$ 853,050	\$ 228,050	7,739	-	4,650	13	5
Destiny Arts Center - Rehab	Alameda	\$ 300,000	\$ 576,805	\$ 276,805	-	-	-	-	-
Ed Roberts Campus Loan - Loan 1	Alameda	\$ 1,905,680	\$ 1,905,680	\$ -	78,677	-	20,926	299	-
Ed Roberts Campus Loan - Loan 2	Alameda	\$ 894,320	\$ 894,320	\$ -	-	-	-	-	-
Other Avenues Food Co-op	San Francisco	\$ 1,065,000	\$ 1,065,000	\$ -	4,625	-	2,000	21	-
Verge Center for the Arts	Sacramento	\$ 1,272,000	\$ 1,650,000	\$ 378,000	-	-	5,000	5	18
Walnut Avenue Women's Center	Santa Cruz	\$ 1,126,250	\$ 1,126,250	\$ -	5,000	-	3,000	29	-
Total		\$ 8,688,250	\$ 46,271,105	\$ 37,582,855	101,041	-	36,126	378	33
Housing Loans									
Anka Behavioral Health	Contra Costa	\$ 230,670	\$ 372,984	\$ 142,314	-	4	15,700	477	-
Golden Empire Affordable Housing, Inc.	Kern County	\$ 945,000	\$ 945,000	\$ -	-	104	104	11	4
Mercy Housing California	San Francisco	\$ 758,200	\$ 52,284,558	\$ 51,526,358	13,000	110	110	103	72
Neighborhood Housing Service of the East Bay	Contra Costa	\$ 565,568	\$ 887,828	\$ 322,260	-	2	10	-	-
Palo Alto Senior Housing	San Mateo	\$ 950,000	\$ 40,620,663	\$ 39,670,663	-	120	140	18	25
East Bay Asian Local Development Corporation	Alameda	\$ 306,000	\$ 31,591,815	\$ 31,285,815	-	138	200	89	-
Total		\$ 3,755,438	\$ 126,702,848	\$ 122,947,410	13,000	478	16,264	698	101
Business Loans									
As You Sow	San Francisco	\$ 100,000	\$ 100,000	\$ -	-	-	-	10	-
Asian Pacific Islander Legal Outreach	San Francisco	\$ 100,000	\$ 100,000	\$ -	-	-	1,800	22	-
Coastal Health Alliance	Marin	\$ 160,000	\$ 160,000	\$ -	-	-	17,000	43	-
CompassPoint Nonprofit Services	Alameda	\$ 100,000	\$ 100,000	\$ -	-	-	3,750	22	-
Housing California Line of Credit	Sacramento	\$ 100,000	\$ 100,000	\$ -	-	-	1,200	7	-
Los Cenzontles Mexican Arts Center	Contra Costa	\$ 50,000	\$ 50,000	\$ -	-	-	433	8	-
Native American AIDS Project	San Francisco	\$ 8,981	\$ 8,981	\$ -	-	-	-	-	-
Neighborhood Housing Services Silicon Valley	Santa Clara	\$ 100,000	\$ 100,000	\$ -	8,500	-	200	18	-
Placerville Natural Foods Co-Op	El Dorado	\$ 100,000	\$ 100,000	\$ -	4,500	-	575	20	-
Sacramento Self Help Housing	Sacramento	\$ 75,000	\$ 75,000	\$ -	-	-	2,500	12	-
Total		\$ 893,981	\$ 893,981	\$ -	13,000	-	27,458	162	-
Grand Total		13,337,669	173,867,934	160,530,265	127,041	478	79,848	1,238	134

Community Facilities Lending

Community facilities lending was strong again in FY 2013, following a dramatic jump in FY 2012. NCCLF closed eight loans totaling over \$8.6 million to finance six facilities projects, leveraging over \$46 million in additional financing. The projects will create or preserve 378 permanent jobs and will develop or preserve over 101,000 square feet of facility space, while providing over 36,000 low-income people with much needed services. Here are some highlights:

- NCCLF provided Crescent City Harbor District with a \$1.5 million line of credit as a participant in an \$8.3 million project to restore its harbor to full use after it had sustained damage from two winter storms and two tsunamis since 2006. The harbor is critical to the economic health of the region, which has a high concentration of poverty.
- NCCLF provided Destiny Arts with two loans totaling \$925,000 for the acquisition and rehabilitation of its new arts education center and headquarters, located in North Oakland. Destiny offers programs in dance, theatre and martial arts to Bay Area youth with a focus on violence prevention.
- NCCLF provided Other Avenues Food Store Cooperative a \$1,065,000 term loan to refinance existing debt on its grocery store property. Other Avenues is a worker-owned food cooperative

located in San Francisco's Outer Sunset district. Other Avenues provides food and supplies for a sustainable lifestyle, supports organic and local farms, and serves as a model for workplace democracy for the local community.

- NCCLF provided Walnut Avenue Women's Center with a \$1,126,250 loan to refinance construction debt associated with the expansion and improvement of their office space. This family resource center in Santa Cruz offers programs in early childhood education, family literacy, and domestic violence services, and youth and community resource development. The organization serves over 3,000 women, children and families a year and provides domestic violence prevention outreach to over 10,000 people throughout the community.

Affordable Housing Lending

Affordable housing development in California suffered a setback in 2012 as the state eliminated redevelopment agencies, which had been a primary source of funding. Nevertheless, NCCLF closed six housing loans totaling \$3.8 million and leveraged an additional \$93 million in other financing. Combined, these loans created or preserved a total of 478 units of low-income housing. NCCLF is committed to affordable housing in Northern California, and we continue to work with our partners to find other ways to finance new projects.

Housing lending highlights:

- NCCLF provided a \$945,000 loan to Golden Empire Affordable Housing Inc. to refinance Green Gardens Apartments in Bakersfield. Green Gardens consists of 104 affordable, single-room occupancy units for individuals with mental illness, problems with substance abuse, or who are at risk of homelessness.
- NCCLF made use of the Golden State Acquisition Fund to provide Anka Behavioral Health, Inc. with a \$305,000 acquisition loan to bridge financing to purchase and renovate up to six single family homes in Contra Costa County. The homes will be converted to shared housing for adults with serious mental health issues who are homeless, or at risk of being homeless.
- NCCLF originated a loan for \$4,460,000 for Mercy Housing California through the Bay Area Transit-Oriented Affordable Housing (TOAH) Fund, to finance the acquisition of property in the Hayes Valley neighborhood of San Francisco. The project includes development of 110 units of affordable senior housing that is welcoming to LGBT seniors aged 55 years or older, one of the first projects of its kind in the country.

Business Lending

NCCLF's business lending helps nonprofits manage their cash flow and provides working capital for expanding services and new projects. We closed 10 business loans in FY 2013 totaling \$893,981 (Figure 4). These include:

- A \$160,000 line of credit to the Coastal Health Alliance, which provides primary healthcare services to underserved populations in the West Marin area, regardless of patients' ability to pay. Coastal Health Alliance operates clinics in Point Reyes Station, Stinson Beach, and Bolinas. It receives about 17,000 patient visits annually, and nearly 40 percent of its patients lack insurance.
- A \$100,000 line of credit to As You Sow, an organization that promotes environmental and social corporate responsibility through shareholder advocacy and coalition building. As You Sow used the loan to manage cash flow while awaiting receipt of a three-year grant.

- A \$75,000 line of credit to Sacramento Self Help Housing to help manage its cash flow. Self Help Housing is a nonprofit organization that helps individuals and families who are homeless or in crisis secure affordable housing in the Sacramento area.

Together, these business loans support projects that are expected to create or preserve 162 permanent jobs and help these organizations continue to serve 27,458 clients annually.

New Markets Tax Credits Outcomes

The Treasury Department's CDFI Fund annually allocates New Market Tax Credits (NMTCs) to help finance community development projects in low-income census tracts. The CDFI Fund awarded NCCLF a \$20 million



San Francisco Mayor Ed Lee speaks at the A.C.T. Strand Theater groundbreaking.

NMTC allocation in 2013, and shortly thereafter we deployed \$6 million of those credits to a \$36 million transaction to finance the acquisition and renovation of A.C.T. Strand Theater in San Francisco's Central Market district. This project is expected to create or preserve 75 jobs and 20,000 square feet of community facility space. It will be constructed to LEED Silver specifications and serve at least 10,000 clients per year.

Founded in 1965, the American Conservatory Theater (A.C.T.) is a Tony Award-winning theater and training institution that nurtures the art of live theater through dynamic productions, intensive actor training, and an ongoing engagement with the community. The Strand Theater will be used by local nonprofit theater companies, and will also enable A.C.T. to expand its educational programs to serve more low-income youth and families living in the Central Market and Tenderloin area.

In addition, we committed \$8.5 million of NMTCs to the East Oakland Youth Development Center, and completed significant work on the West Hills Community College Farm of the Future project in Coalinga. The cumulative social impact of our NMTC projects is summarized above in Table 1.

Consulting and Training Outcomes

NCCLF's Consulting and Training Department had a strong FY 2013. We offer consulting services in addition to lending because providing organizations sound and expert advice about financial management and real estate issues improves their capacity to use capital effectively to serve low-income people and communities.

The department consists of a Financial Consulting Group and a Real Estate Consulting Group, each designed to help nonprofits use resources strategically. Through workshops and customized consultations, our financial consultants help nonprofits maximize the impact of every dollar by strengthening their financial management practices. Our financial consultants provide customized services from quick, inexpensive interventions to more in-depth capacity building. We help clients develop budgeting and financial management systems, prepare for audits, and understand their financial position to strategically plan for new ventures. We also offer workshops and webinars on financial statements, cash flow monitoring, and audit preparation.

Our real estate consultants give nonprofits the analysis and support they need to ensure that their facility plans fit their mission and their financial means. Our webinars and workshops teach organizations how to prepare and plan for a real estate project, understand how to lease a building, and take advantage of tax credit financing programs.

Our consulting staff collaborates with government agencies throughout California on various community initiatives, including the San Francisco Mayor's Office of Housing, the San Francisco Office of Economic and Workforce Development, the City of Fresno Family and Children Commission, and the City of San Pablo.

Since inception, the Financial Consulting Group has served 185 organizations through direct consulting engagements and has reached 800 more through workshops. Over the past ten years, the Real Estate Consulting Group has trained 720 organizations in workshops and served 165 in consulting engagements. In FY 2013, our Consulting and Training Department accomplished the following:

- We completed 40 consultations, 17 on financial management projects, and 23 on real estate issues.
- We assisted an additional 90 organizations through third party-funded consultations
- We conducted 14 workshops, five on financial management topics, six on real estate issues, and three “combo” workshops that addressed both topics.
- We revised and expanded our financial management consulting products.
- We conducted the second annual NCCLF Communities Facilities Challenge, a competition engaging five teams of students at California State University, Fresno to conduct real estate feasibility analyses for Central Valley nonprofits that serve low-income communities.
- We received a \$1.347 million grant from the US Treasury's CDFI Fund, a portion of which will support our work with consulting and training clients, particularly in California’s Central Valley.
- We invested in product and relationship development in the Central Valley to identify and better meet the needs of organizations facing different challenges than their Bay Area counterparts.

Consulting and Training in FY 2013: Highlights

The challenges our Consulting program faces, and the creative solutions they offer our clients, can be grasped by surveying some of our highlights:

- Destiny Arts Center is a North Oakland-based nonprofit organization founded in 1988 that offers violence prevention and arts education through dance, theatre, and martial arts. In 2009, Destiny began working with NCCLF’s Consulting Department to find a new facility that was financially feasible and could accommodate its programming needs. After visiting more than 50 sites over the course of several years, Destiny purchased a new space in 2013. NCCLF also lent Destiny \$925,000 to help finance the new space.
- The Sacramento Native American Health Center Inc. is a nonprofit health clinic located in Midtown Sacramento. NCCLF provided a real estate feasibility report and a financial assessment, which included a sources and uses budget, an NMTC feasibility study, a 10-year pro forma, and debt capacity analysis.



Teddy Bear Hip Hop class at Destiny Arts.

- Creativity Explored provides studio and gallery space, support and resources for developmentally disabled artists in San Francisco. Creativity Explored contracted with NCCLF to explore purchase and lease options for their real estate goals. NCCLF's analysis provided several scenarios for owning a building or leasing space, an assessment of the potential financial impact, and an analysis of how much debt the organization could take on without jeopardizing its financial stability.
- Consulting continued its extensive work in the Central Market neighborhood of San Francisco, an area where increasing commercial activity is driving up rents and squeezing out many community-serving nonprofits. We performed a number of consultations to arts organizations through San Francisco Grants for the Arts, and helped create permanent homes for others by forming the Community Arts Stabilization Trust (CAST).
- KidZone Museum is a children's museum in Truckee, California with 22,000 visitors annually. KidZone inspires learning through creative play and discovery. Exhibits, classes and camp programs are designed to provide play that encourages a child's development of social, imaginative, physical and problem solving skills. To help the museum build financial capacity to acquire a new facility, NCCLF provided a financial assessment and a financial reporting systems assessment.
- We began a consultation for the City of San Pablo on financing options for the Rumrill Park Athletic Fields project. The youth of San Pablo suffer from high obesity rates, violence, and poor health. The San Pablo Economic Development Corporation plans to develop additional sports fields at Rumrill Park, a 4.5-acre sports park located on a brownfield site in the city's most economically distressed neighborhood. Still in its early stages, the plan includes three synthetic turf sports fields, a 62-space parking lot that would be used for a farmers market, and a concession stand to make healthy foods more accessible for youth. We are developing a financing plan which will include the use of NMTCs.

Community Arts Stabilization Trust

With funding from the Kenneth Rainin Foundation, NCCLF helped create the Community Arts Stabilization Trust (CAST) to support the City of San Francisco's efforts to expand and provide long-term stability to arts groups in the Central Market and the Tenderloin neighborhoods as part of the city's Central Market Economic Strategy. As the year closed, CAST was in contract to purchase two buildings in the Central Market neighborhood, which will provide long-term, affordable space to the Luggage Store Gallery and CounterPULSE Theater, both of which are NCCLF consulting clients. The Central Market area is severely distressed with a median income 36% of AMI.

The CAST project is supported by many neighborhood organizations and the City of San Francisco because it creates a way for community arts nonprofits to stay in the area. The first two organizations taking advantage of CAST operate community arts

programs that provide local artists an affordable venue to present their works and engage local low-income residents in educational and cultural events. Both are well established and have been in operation for over two decades. With a \$7.9M budget, CAST will renovate 15,000 square feet and generate a number of jobs



An artist works at the Luggage Store Gallery.

in the area. While CAST is a separate entity, NCCLF will continue our deep involvement as consultants and project managers to the organization.

Central Valley Initiatives

In FY 2013, NCCLF continued to address needs of low-income communities in California's Central Valley, with focus on the two main centers of activity located around Sacramento in the north Central Valley, and Fresno in the south Central Valley, also known as the San Joaquin Valley. As a result, we closed \$2.4 million in loans in the region, and completed 11 consultations, by far our highest amount in our history. The department continued to build commitments to clients and projects in California's Central Valley in a number of ways during the year:

- NCCLF staffs a business development officer at our Fresno satellite office.
- Eleven of our 40 consulting clients were located in the Central Valley.
- We provided our SMART Financial Management Workshop to over 25 organizations in the Central Valley.
- We hosted video conferences and conducted webinars to support consulting and training projects for rural nonprofits remotely from our San Francisco and Fresno offices.

NCCLF Communities Facilities Challenge

NCCLF held its second annual Community Facilities Challenge in the spring of 2013. The Challenge, in partnership with California State University Fresno, gave students the opportunity to apply their educational skills and prepare a real estate feasibility analysis for a proposed community facility real estate project to benefit a low-income community in Fresno County. This year students worked with Poverello House, a social service agency that serves the needs of the poor, hungry, and homeless in Fresno. Poverello House is currently exploring the idea of refurbishing some of their existing buildings. Each team was given a proposed building, from which they developed a real estate plan.

Investing Impact

NCCLF is proud to provide an effective impact investment vehicle for our individual and institutional loan fund investors. CARS, the CDFI Assessment and Ratings System, is a comprehensive, third-party assessment of a CDFI's financial strength and performance and, most importantly, level of community impact. NCCLF is one of only six CDFIs to receive its highest rating, "AAA1," for financial strength and social impact. This rating signifies that we are recognized by CARS as an effective, regionally focused community investment vehicle.

The loan fund received strong support from investors during FY 2013, and we reached a new high of \$39.8 million in lending capital. The renewal rate of maturing investments was 77%, slightly above our historical rate of 74%. The renewal rate for individuals and religious institutions was even higher, again consistent with historical averages, at over 90%. In total, new or increased investments totaled over \$3.3 million, well exceeding the \$1.7 million of maturing investments repaid. The cumulative loss rate of our fund over 26 years is 1.62%, and we have never lost a dollar of investor capital.

As of September 30, 2013, NCCLF's loan fund was composed of a diverse portfolio of 226 investments totaling over \$29.4 million (Figure 2). The number of individual investors reached 165, the highest number ever. Their combined amount invested grew by 16% to \$6.25 million—yet another high in NCCLF's history. The permanent portion of the fund increased to its highest level since inception at \$10.3 million, or 26% of the total \$39.8 million lending pool (Figure 2). A notable infusion of permanent capital was a portion of a

\$1.347 million FA Award from the CDFI Fund. These funds allow us to make increasing impact in the communities we serve.

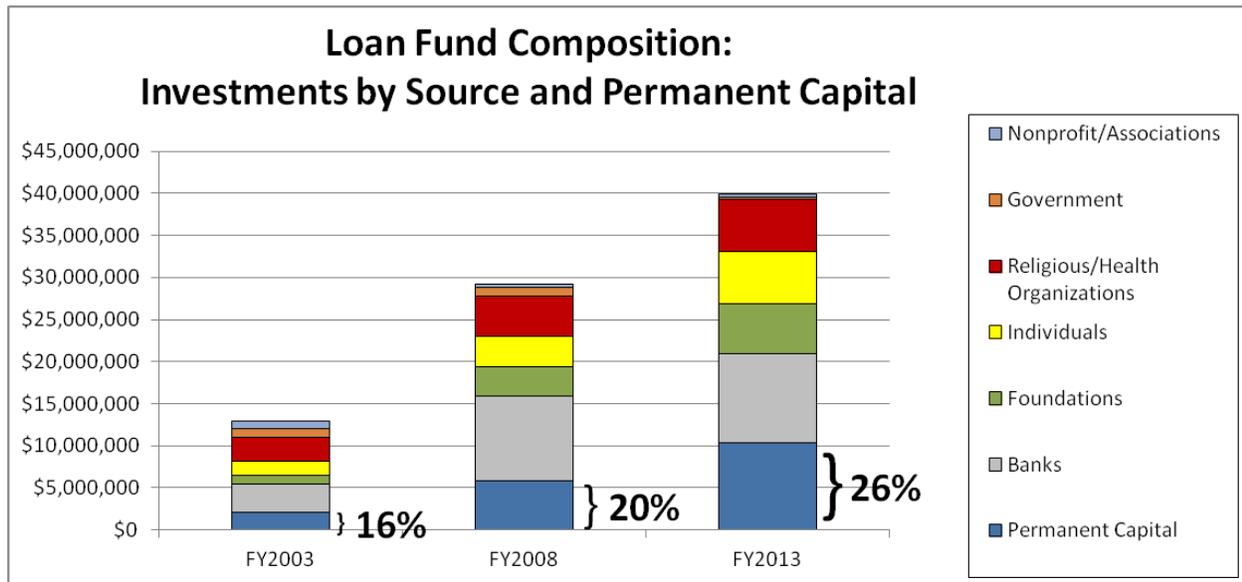


Figure 2: Loan Fund Composition: Investments by Source and Permanent Capital; percentages indicated are amount of loan fund that is permanent capital.

Policy Impact

NCCLF is committed to promoting policy at the federal, state, and local levels that supports both the CDFI industry and the low-income communities we serve. Effective policy and programs, including the Community Reinvestment Act, grants from the CDFI Fund, NMTCs, and the new CDFI Bond Fund, are essential components of the financial environment that allows CDFIs such as NCCLF to have more impact in the work that we do. Without these policies in place, we believe the impact of this organization, and the industry as a whole, would be significantly less than it has been. Therefore, we see the continued support of such policies, some of which need to be renewed on an annual basis, as a key part of the commitment we make to low-income communities. Our policy focus includes:

- Legislative visits, participation in hearings, and letter writing on behalf of bills that support low-income communities and the CDFI industry at the federal, state and local level. Bills supported include The California Home and Jobs Act, COIN, and California Community Investment, as well as funding for the CDFI Fund, NMTCs, and the CDFI Bond Fund
- Participation in advocacy groups supporting legislation, including Opportunity Finance Network (with board representation by our President Mary Rogier), CDFI Coalition, CalNonprofits, Housing California, East Bay Housing Organization, and Nonprofit Housing Association of California

For more information, please visit our web site NCCLF.org or contact our Director of Development, Sherry Simmons, at ssimmons@ncclf.org.



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