



ANNUAL REPORT 2017

SOCIAL RESPONSIBILITY • PROFESSIONALISM • INTEGRITY • COLLABORATION • ADAPTABILITY

A YEAR OF GROWTH AND IMPACT

Dear Partners,

2017 was an exciting year at High Impact. We saw our staff grow, started working with almost a dozen new clients, and deepened our relationships with existing clients to help them achieve greater community impact. As we look ahead, 2018 promises to be another banner year as we continue to build our reputation for excellence in impact debt underwriting and launch new ways to support the industry.

In this report, we share with you our values, which we created as a staff effort in 2017. None were arrived at without careful consideration and conversation to prove their importance and relevance to our work. Our values are active; they are woven into our everyday interactions with clients, our goal setting, and our approach to each assignment.

Collaboration was one of the easier values to identify. We collaborate as a team daily, helping out when one staff member is overburdened and offering fresh perspectives when someone gets stuck. We also value collaboration as a company. We are small, but the impact we seek to make is very, very large—there is no route forward without collaboration.

We would like to thank our clients for being the bridge that connects these beliefs, and for allowing us to support them in that work.

Collaboration stands out also because of its prominence in our industry. As an example, we highlight two projects in this report in which more than one of our clients participated. This type of collaboration is so frequent in our collegial industry that we've formalized a multi-lender underwriting line of business. This provides our clients with lower fees and their borrowers with a streamlined underwriting process. It is a true win-win, and an apt illustration of the power of collaboration.

As a Certified B Corp, social responsibility is another of our core values. We express our commitment to it in many ways, including our annual profit donation. Each year, one randomly selected client tells us where to direct our donation. In 2017, Community Housing Capital nominated Native Partnership for Housing, who used the funds to acquire construction management software for their work building affordable housing in New Mexico. It's a great example of social responsibility translating to true impact.

When we created our values, we also established five beliefs that underpin our work. I'll leave you with two of them:

Affordable housing, quality education, and livable communities should be available to everyone.

The way people and institutions invest their money matters.

We would like to thank our clients for being the bridge that connects these beliefs, and for allowing us to support them in that work.

Best,



Peter Schaeffing
President



CORE VALUES

Social
Responsibility

Professionalism

Integrity

Collaboration

Adaptability

RELATIONSHIP PROFILE:

TruFund Financial Services



BACKGROUND

TruFund is a small business lender serving clients in New York, Louisiana, and Alabama who cannot access traditional financing. The New York office focuses on providing capital and technical assistance to minority- and women-owned construction, retail, and professional services businesses, as well as nonprofit organizations.

SCOPE OF WORK

High Impact has an ongoing engagement with TruFund to underwrite loans originated by its New York office, particularly for its innovative TruAccess program, which provides extensive technical assistance as well as capital to contracting firms.

RESULTS

High Impact underwrote 12 loans for TruFund in 2017, totaling \$2,415,650 of impact capital to small businesses in New York City and the surrounding area. This included a loan to a minority-owned digital advertising company that enabled the borrower to complete a change in business model without further diluting the principal's ownership through venture capital financing.

"The wealth building and economic development effects of loans like this are the small changes that will add up over time to largescale benefits for minority entrepreneurs and the communities they serve. Having a partner like High Impact helps us deploy more capital and create more of these small changes."

Aisha Benson, Executive Vice President, TruFund

SMALL
BUSINESS
OUTCOMES

\$7,903,996

LOANS
UNDERWRITTEN

21

MINORITY &
WOMEN BUSINESS
OWNERS
SUPPORTED

PROJECT PROFILE:

KIPP Believe at Columbia Parc



CLIENTS

Partners for the Common Good (PCG) and Low Income Investment Fund (LIIF)

BACKGROUND

When the Bayou District Foundation applied for New Markets Tax Credit (NMTC) financing from two High Impact clients, we were excited to work with both to bring efficiencies to both lenders and the borrower. The transaction financed a two-school campus for KIPP New Orleans in the high-profile Columbia Parc development. The 100,715 square foot project will serve over 865 students when complete, over 95% of whom are expected to be economically disadvantaged.

SCOPE OF WORK

High Impact underwrote PCG's \$5.50 million NMTC allocation and LIIF's \$4.22 million leveraged loan for the \$24 million project.

"The High Impact team was a pleasure to work with on this transaction. In addition to providing us skilled underwriting capacity when we needed it, they proved to be flexible, knowledgeable, and very responsive to our timing needs. We look forward to working with Peter and his team again."

Andrew Baldwin,
Chief Lending and Credit Officer,
Partners for the Common Good

EDUCATION
OUTCOMES

\$23,205,000
LOANS
UNDERWRITTEN

4,330
CHARTER SCHOOL &
EARLY CARE SEATS

RESULTS

The transaction underwriting was complex due to the involvement of multiple CDEs and leveraged lenders, debt from a philanthropic source, ground leases, and a high loan-to-value ratio. Nevertheless, High Impact worked through the underwriting successfully with the skilled teams at PCG, LIIF, and Capital One, which purchased the tax credits and provided additional NMTC allocation and leveraged debt. When the project is complete, KIPP New Orleans' Believe elementary and middle schools will be united on a single campus for the first time in their histories.

PROJECT PROFILE: Riverplace Housing



CLIENTS

Housing Partnership Network (HPN) and Low Income Investment Fund (LIIF)

BACKGROUND

Portland, Oregon's soaring housing market has created a crisis in affordable housing in the city. BRIDGE Housing's Riverplace development, which will ultimately include 390 units of affordable housing built in two phases, is a direct response to that problem. To get this complex project off the ground, BRIDGE turned to HPN for unsecured predevelopment financing.

SCOPE OF WORK

High Impact underwrote HPN's \$2.50 million lead loan and LIIF's \$500,000 participation. The underwriting focused on the strength of the guarantor and the viability of the take-out financing, which included tax-exempt private activity bonds/4% federal low income housing tax credits, municipal soft debt, and other sources of funding.

HOUSING
OUTCOMES

\$37,159,156
LOANS
UNDERWRITTEN

2,522
UNITS OF HOUSING

"Across asset classes and financing structures, we trust High Impact when we need additional underwriting capacity."

Diane Borradaile, SVP,
National Markets and
Capital Solutions, LIIF

RESULTS

Loans like this are the hallmark of CDFIs—exceptional impact and higher risk than traditional lenders are willing to take. As always, our underwriting focused on understanding and mitigating that risk. HPN and LIIF closed on the deal in February 2017, and the project is moving forward as phase one closed on construction financing in December 2017.

PROJECT PROFILE:

Planning for Growth



CLIENT

The Enterprise Center – Capital Corporation (TEC-CC)

BACKGROUND

TEC-CC is the youngest CDFI in Philadelphia, an emerging small business lender, and already a leading microlender in the city. In 2017, it was preparing to expand its lending program further. TEC-CC called on High Impact to evaluate and improve its existing lending infrastructure to ensure its continued success during its growth phase.

SCOPE OF WORK

- Improvements to existing lending policies and procedures
- Review of underwriting to provide feedback on the credit memorandum template and the strengths and weaknesses of the underwriting
- Risk rating review to ensure loan ratings were appropriate
- Review of loan loss reserve methodology based on accounting standards, industry practices, and funder requirements
- Creation of an asset-liability matching model to manage lending capital

RESULTS

High Impact worked with TEC-CC for four months, meeting with lending staff, accounting staff, and executive leadership in person and by phone. The project resulted in program improvements and a lasting tool for asset-liability matching that will continue to be used for years to come. TEC-CC is now ready to grow with confidence, broadening its impact as it seeks to bring new jobs and more capital to Philadelphia's underserved communities.

"High Impact provided us with tangible strategic advice and tools that could be implemented immediately to help us improve our infrastructure, which we are still using a year later."

Della Clark, President, TEC-CC



TEC-CC borrowers like Tactile Design Group add jobs and opportunities to the Philadelphia area.

2017 UNDERWRITING OUTCOMES:

Over \$68 million underwritten across 30 states

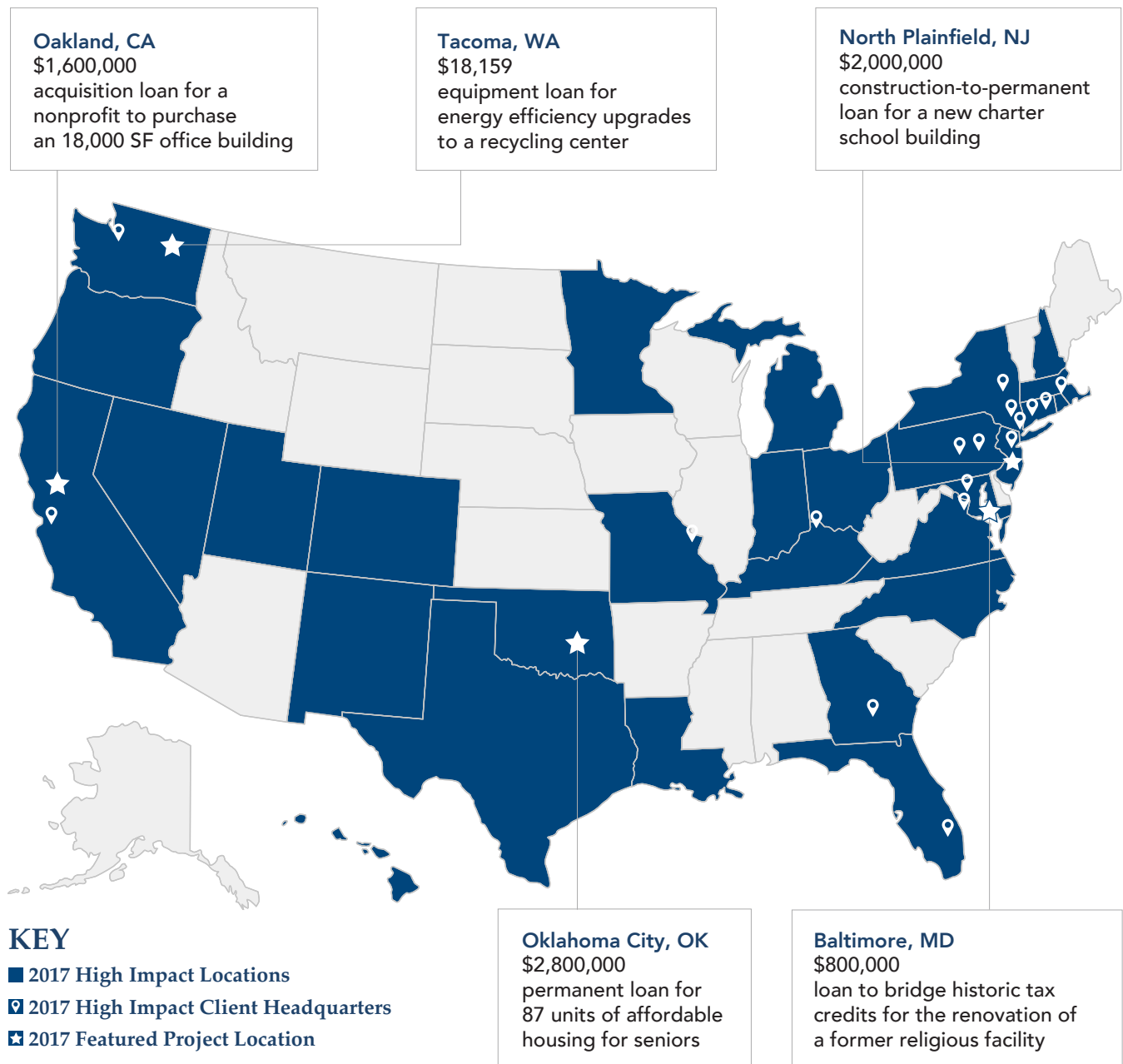
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UNDERWRITING

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EARLY CARE SEATS

\$7,903,996
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UNDERWRITING





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