

Dear Partners, Colleagues, and Supporters:

Today's world is anything but ordinary, and our Impact Report follows suit. As usual, we report on last year, but also NCIFund's and our borrowers' responses to COVID-19.

The pandemic has reinforced as never before the importance of our work.

- Black, Indigenous and people of color are disproportionately affected by COVID-19 as well as systemic racism.
- Entrepreneurs of color and underserved communities will struggle to access capital in a prolonged downturn.
- Essential workers—who produce our food, care for our children and serve in so many other ways—are especially vulnerable to COVID-19.

These realities reaffirm the need to help black, Indigenous and people of color build wealth through small business ownership. Our strategy of supporting businesses that look after not just the bottom line, but the well-being of workers, the environment and communities is more relevant than ever.

In 2019, we deployed a record number of loans and topped \$50M in total assets. Our active portfolio once again created over 500 new jobs. 44% of our loans went to women and people of color. We launched our Community Impact Notes so individual impact investors can invest in local communities.



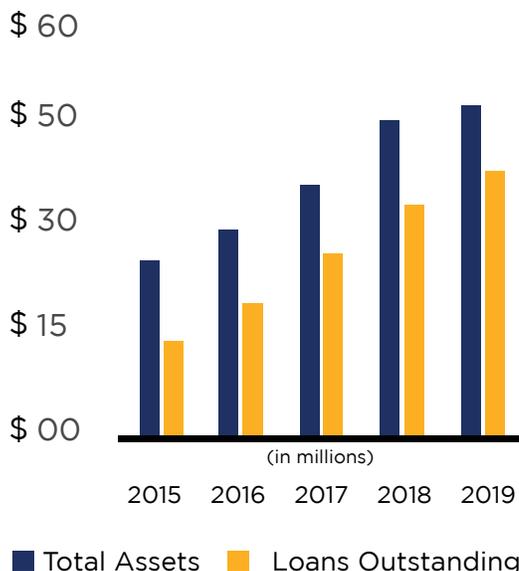
In 2020, we've mobilized to stand with our borrowers as they grapple with COVID-19. And we're moving forward. We have launched a Women's Business Center to better serve West Virginia's women and socially disadvantaged entrepreneurs. NCIFund's new strategic plan commits us to delivering more capital and assistance to underserved businesses and communities.

As always, we will rely on support from our community partners, funders and investors to deliver positive impacts. We are truly all in this together; thank you for joining us.



Marten Jenkins, President and CEO

Growing Impact



Since 2001, we've created or retained **6,200** jobs



In 2019, we provided **3,697** hours of assistance to over **300** businesses and farms



In 2019, we made **90%** of our loans in distressed or rural communities



With NCIFund funding and a USDA Renewable Energy for American Program (REAP) grant, Brisco Apparel of Ramseur, North Carolina completed installation of a 410 kW solar array that offsets 81% of the company's electric usage.



Contributed by Tammy Dolly

The Delmonte Market in Elkins, West Virginia

“ *The Mon Forest Business Initiative [NCIFund/ Woodlands Community Lenders collaboration] was a huge ally. Their website assistance program opened an entire new world to my store and the 40 local artists that I currently work with. With the new website we feel capable of competing with other online retailers. The Truist Grant and PPP loan kept us current on accounts payable and rent, and kept myself and a few employees working.* ”



—Tammy Dolly,
The Delmonte Market
Elkins, West Virginia

COVID-19: How We've Responded

The COVID-19 pandemic has severely impacted NCIFund's borrowers and small businesses across our service area.

Our response has been multi-faceted. For NCIFund's borrowers, we deferred loan payments and originated Small Business Administration Paycheck Protection Program (SBA PPP) loans. With funding from Truist Bank and the Positec Group, we delivered over \$1M in grants to help small businesses across six states hang on while emergency loan programs were established. We are one of seven community lenders participating in the NC COVID-19 Rapid Recovery Loan Program, which uses foundation and public funds to deliver small loans to North Carolina businesses. An Appalachian Regional Commission grant of \$1.5M helped us establish an emergency loan program in West Virginia. Technical assistance delivered through our Strategic Initiatives has helped businesses pivot to reach customers in new ways.

Loan deferments alone cost NCIFund 25% of our annual earned income from interest on loans. Many of our long-term funders and supporters stepped up immediately to help us fill this revenue gap. We're grateful to each of them for their support (See p. 4).

“ *A majority of our income in normal times comes from selling our vegetables to restaurants and tailgate markets, both impacted by COVID. These funds will help us sell in new ways. We've started We Give A Share, a program to turn our vegetables into meals for affordable housing residents.* ”

—Truist - NCIFund grant recipient,
Gaining Ground Farm, Leicester, North Carolina



46% of active loans received deferments



\$1.05M in emergency COVID-19 grants provided to **83** small businesses



55% of NC Rapid Response and SBA PPP loans went to women and people of color



Our assistance helped **221** companies sustain more than **1,550** jobs



Far Left: Mountaineer Brand (Martinsburg, West Virginia) shifted production from men's hair care products to hand sanitizer.

Left: Russell's Pharmacy (Durham, North Carolina) increased its deliveries and continues to safely serve its customers.

Adapting and Moving Forward

Our flexible financing and emergency responses have helped our borrowers survive the economic upheaval of the pandemic and continue to operate and innovate.

Ensuring Environmental Safety



Matt Ford and his business partner Audrey Sampson have over 25 years of environmental consulting under their belts. They've performed environmental assessments, cleaned up existing hazards such as underground storage tanks and planned stream restoration projects for a number of firms. In 2019, NCIFund and our co-lenders Summit Bank and New River Gorge Regional Development Authority helped them launch their own company, Greenbrier Environmental Group (GEG) in Lewisburg, West Virginia.

The COVID pandemic hit shortly thereafter, making finances extra tight. We deferred GEG's loan payments and awarded them an emergency Truist-NCIFund small business grant. This support helped the pair and their four employees stay in operation during a period of great economic uncertainty.

Arts-Based Community Development

Since 1993, STARworks social entrepreneur Nancy Gottovi has diligently worked to replace lost textile jobs in eight central North Carolina counties. Star, North Carolina's shuttered mill is now home to a remarkable assortment of creative enterprises: a native clay manufacturer; a glass blowing studio; and a maker of high-quality electric kilns. 2,500 local schoolkids had first-hand exposure to the arts through tours in 2019. With funding from NCIFund, Solidarity Capital, and the US Economic Development Administration, STARworks renovated the old factory for a high-end art gallery, café and taproom, and community space for concerts, exhibitions and meetings. COVID forced STARworks to close to actual visitors, but a SBA PPP loan has allowed the non-profit to sell art online and engage the community with virtual concerts.



Child Care for Working Families

Jerris McPhail grew up in Sampson County, North Carolina, retired as a Miami Dolphins running back, and returned home to start Little Dolphins Daycare, which serves 140+ predominantly minority, low-income families with high quality pre-K childcare in Clinton and Newton Grove. NCIFund's 2019 loan helped Little Dolphins upgrade its buildings and expand services. When COVID-19 forced the daycare to close in March, NCIFund secured Little Dolphins a NC Rapid Recovery Loan. With this help, the childcare center has reopened to 50 children as of the end of June, which is welcome news to their working parents.

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2019 New Grants and Investments

Loans / Capital Grants:

Appalachian Community Capital
Appalachian Regional Commission
Bank of America
Calvert Impact Capital
Clients of Fresh Pond Capital
Clients of Loring, Wolcott & Coolidge Trust LLC
First Citizens Bank
Greater Kanawha Valley Foundation
Opportunity Finance Network
U.S. Department of the Treasury CDFI Fund
Woodforest National Bank

Operating Grants:

Appalachian Regional Commission
BB&T, now Truist CRA/Community Development
BB&T West Virginia Foundation

Capital Bank
Central Appalachian Network
Charles M. and Mary D. Grant Foundation
Claude Worthington Benedum Foundation
Gat Creek
Just Transition Fund / Rockefeller Family Fund, Inc.
MVB Bank
NCIFund Board, Friends and Families
One Foundation
PNC Foundation
R. Howard Dobbs Foundation
United Bank
U.S. Department of Agriculture Rural Development
U.S. Department of Housing and Urban Development
Wells Fargo Diverse Community Capital Program
Wells Fargo Foundation

2020 Emergency COVID-19 Support (as of 7/31/20)

Operating Grants:

Appalachian Regional Commission
Bank of America Foundation
Positec Group
Truist Bank
Wells Fargo Foundation/Diverse Community Capital Program

Investment Restructuring:

Appalachian Community Capital
Ford Foundation
Mary Reynolds Babcock Foundation
Mercy Partnership Fund
Northern Trust
One Foundation
PNC Bank

For Impact Investors

NCIFund's Community Impact Notes offer impact investors the opportunity to support companies that create jobs, protect natural resources and deliver vital services to families in economically underserved communities in North Carolina, West Virginia and surrounding Appalachian regions. We've lent over \$75 million to more than 425 businesses, farms

and nonprofit enterprises since 2001, while maintaining low loss rates. We credit our success to a rigorous underwriting process and the business advisory services we provide to our borrowers. NCIFund maintains a **★★★A+** Policy Plus rating from Aeris, a third-party rating agency for community development financial institutions. To invest in Natural Capital Investment Fund, contact Marten Jenkins, CEO, at 681-252-4276 or mjenkins@conservationfund.org.



A member of



Natural Capital Investment Fund

Founded in 2001, NCIFund is a business loan fund certified by the U.S. Treasury as a Community Development Financial Institution (CDFI). NCIFund has been recognized under the Internal Revenue Code as a supporting organization to The Conservation Fund.

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www.ncifund.org

Lending offices:

West Virginia: Charleston and Fairmont

North Carolina: Asheville, Chapel Hill and Winston-Salem