

2015 ANNUAL REPORT



2015



# WE ARE A CDFI

Impacting communities. Impacting lives.

As a Community Development Financial Institution (CDFI), we offer opportunities to people outside of the economic mainstream. At Impact Seven, that opportunity takes shape in many ways. It could be the rehabilitation or development of a new affordable housing property in a community that desperately lacks access to decent and safe affordable housing. It could be an inventory loan for a small main street business, or a multi-million dollar tax credit allocation to support a manufacturer with the promise of adding jobs in a distressed area. It might even be the restoration of a neighborhood mural (we'll get to that later).

CDFIs operate around the country and each one is a little different - but we all work to create lasting, positive change in the communities that we serve.

At the core of everything that we do is the idea that creativity and collaboration are key factors in developing healthy communities, healthy families and a healthy economy.



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Impact Seven • The Water Council • Lyiem Inc. • Regional Water Partnership



# RESULTS

2015 in numbers

## BUSINESS DEVELOPMENT

**\$16.67 MILLION**  
total business lending

**32 PROJECTS**  
financed

**619 JOBS**  
created or retained by  
those projects

## REAL ESTATE DEVELOPMENT

**102 UNITS**  
of housing made possible

**36 UNITS**  
of affordable housing  
developed or preserved

**65 UNITS**  
of affordable housing  
under construction for 2016

## PROPERTY MANAGEMENT

**167 NEW UNITS**  
under management

**85 PROJECTS**  
in total portfolio

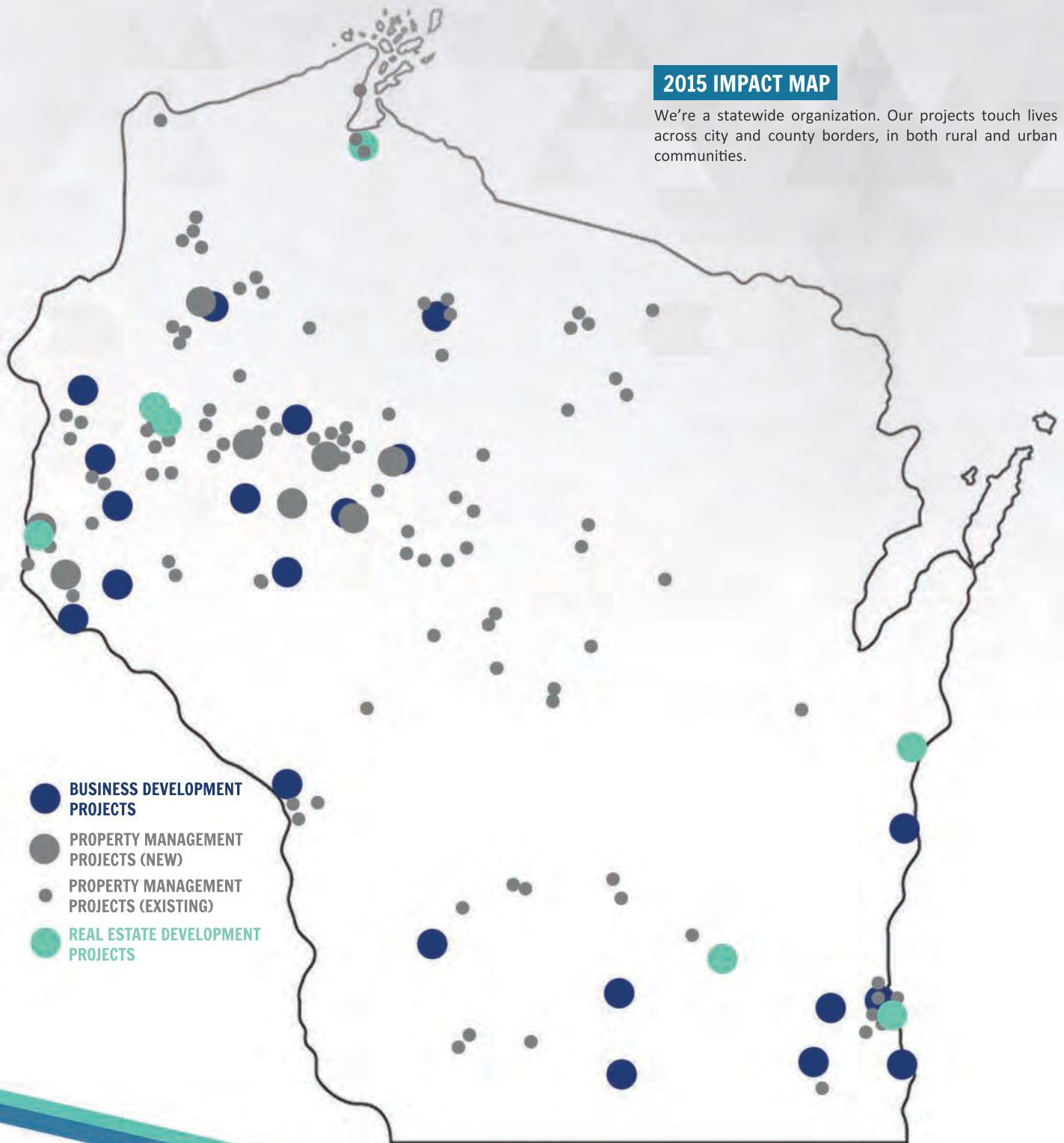
**1495 UNITS**  
in total portfolio





## 2015 IMPACT MAP

We're a statewide organization. Our projects touch lives across city and county borders, in both rural and urban communities.



## OUR MISSION

To impact communities and lives through innovative and socially-motivated investment and service



# GREETINGS



**Passion, commitment, perseverance, capacity, creativity....** these are just a few of the qualities it takes to help people transform their communities at higher levels, which is what Impact Seven set out to do in the first year of an ambitious three-year strategic plan.

I'm pleased to say that we exceeded many of our goals and met strategic initiatives to grow internal capacity. As a result, our financial position continued to strengthen along with our organizational credentials and access to highly-qualified staff, technology, and funding resources. In 2015, these accomplishments combined to produce historic growth in our small business lending and housing portfolios.

In cities from Milwaukee to La Crosse to Ashland and points in between, we turned challenges into opportunities by repurposing abandoned buildings, closing gaps for small business expansions, and providing the critical slice of financing on transformative real estate projects. In rural Wisconsin we assisted new and growing businesses that are sustaining hundreds of jobs, and we advanced the creation or preservation of more than 100 quality, affordable homes in small communities across the state.

In this report, we strive to tell the stories behind the numbers, and to show how our investments catalyze wider community impacts. I invite our investors, partners, and community members to see what we can achieve together. The projects are complex, with thin margins and layered funding. Whether our job is to lead or support, I am proud that Impact Seven plays a critical role in moving those projects forward.

We are gratified to serve within a broader landscape of residents, businesses, investors, civic groups, and the public sector – all working together. Thank you for your continued commitment to our mission to impact communities and lives through innovative and socially-motivated investment and service.

  
**BRETT GERBER, CEO**



# PARTNERS

## THANK YOU TO ALL OF OUR 2015 FUNDERS, INVESTORS AND PROJECT PARTNERS

### FUNDERS AND INVESTORS

Bank of America  
Bankers Bank  
Bremer Bank  
CDFI Fund, U.S. Department of the Treasury  
Chippewa Valley Bank  
City of Manitowoc, WI  
City of Milwaukee, WI  
Community Development Bank  
Community Housing Capital  
Enterprise Community Partners  
Federal Home Loan Bank of Chicago (FHLB-Chicago)  
Johnson Bank  
JP Morgan Chase Bank  
National Equity Fund (NEF)  
NeighborWorks America  
Oppenheimer Multifamily Housing & Healthcare Finance, Inc.  
PNC Bank  
Time Federal Savings Bank  
Town Bank  
U.S. Department of Agriculture – Rural Development Administration (RD)  
U.S. Department of Health and Human Services - Office of Administration  
for Children and Families - Office of Community Services (OCS)  
U.S. Department of Housing and Urban Development (HUD)  
U.S. Economic Development Administration  
U.S. Small Business Administration (SBA)  
Wells Fargo  
Wisconsin Department of Administration – Division of Energy, Housing,  
and Community Resources  
Wisconsin Economic Development Corporation (WEDC)  
Wisconsin Housing and Economic Development Authority (WHEDA)

### PROJECT PARTNERS

CDFI Fund, U.S. Department of the Treasury  
Aging and Disability Resource Center of Barron, Rusk and  
Washburn Counties  
AndersonWebb, LLC  
Ashland Area Development Corporation  
Barron County ARC  
Barron County Economic Development Corporation  
Barron County Veterans Service Office  
BMO Harris Bank  
Boys and Girls Club of Barron County  
Calumet County Bank  
CAP Services  
CDFI Coalition  
City of Park Falls, WI  
Conrath Housing, Inc.  
Entrepreneur Fund  
Forward Community Investments  
Glenn Solsrud  
Gorman and Company  
Greater Wisconsin Opportunities Fund  
GROW South Dakota  
Have-A-Heart, Inc.  
HKS Holdings, LLC  
Homes for Independent Living  
Independent Living Resources  
Indianhead Community Action Agency  
Lakeshore Community Action Program  
Layton Boulevard West Neighbors  
Lutheran Social Services of Wisconsin and Upper Michigan  
Martin Luther King Economic Development Corporation  
Midwest Minnesota Community Development Corporation  
Milwaukee Area Workforce Investment Board  
Milwaukee County  
Milwaukee Economic Development Corporation  
Minocqua Associates  
NeighborWorks America  
Northwest Wisconsin Concentrated Employment Program  
Opportunity Finance Network  
Pioneer Housing, Inc.  
Prime Partners, LLC  
Rapoza Associates  
Regional Business Fund  
Reinhart Boerner Van Deuren S.C.  
Rusk County Housing Authority  
SVA Certified Public Accountants, S.C.  
United Migrant Opportunity Services  
WestCAP  
Wisconsin Business Development Finance Corporation  
Wisconsin Council for Affordable and Rural Housing  
Wisconsin Economic Development Corporation (WEDC)  
Wisconsin Housing and Economic Development Authority (WHEDA)  
Wisconsin Redevelopment, LLC  
Wisconsin SBDC Network  
Wisconsin Women's Business Initiative Corporation

### PROUD MEMBERS OF





# TEAMWORK

makes the dream work

Collaboration is key, whether in-house or with our external partners. Internally, our Real Estate Development and Property Management departments work together to create a seamless transition from construction or rehabilitation to lease-up and management. Externally, developers and partners often need an entity to help fill a gap in financing, offer expertise and more. We're a unique partner in the flexibility we can provide, tailored to each project.

## SINGLE-FAMILY, RENT-TO-OWN IN MILWAUKEE

Through this scattered-site Low Income Housing Tax Credit (LIHTC) project, Impact Seven worked with the City of Milwaukee to alleviate one of the City's most pressing issues – foreclosed and abandoned homes – while creating affordable housing options for families in a traditional neighborhood setting. Impact Seven's Real Estate Development team acquired and rehabilitated 24 foreclosed and neglected single-family homes beginning in 2013. Many of the properties had been owned by the City of Milwaukee after owners abandoned them to tax foreclosure.

Financial support for the project came from the City of Milwaukee, WHEDA, FHLB-Chicago, and Town Bank. Parallel to the renovations, our Property Management department worked diligently to market these properties to qualified families. By the fall of 2015, these homes were 100% occupied.

Families now living in these homes are benefitting from new energy-efficient lighting, windows and insulation. A rent-to-own option gives families the opportunity to pursue homeownership at the end of the 15-year tax credit compliance period.





# TEAMWORK

**\$26.6 MILLION**  
total project cost

**\$4.68 MILLION**  
Impact Seven investment

**105 APARTMENTS**  
with 21 designated affordable

## MKE LOFTS

MKE Lofts demonstrates Impact Seven's ability to adapt to the unique needs of a development team. Located in downtown Milwaukee, this mixed-used, mixed-income property consists of 105 apartments, 21,000 square feet of commercial space and 40 spaces of underground parking. Like so many of our projects, MKE Lofts required multiple partners and financial sources. In 2014, developers HKS Holdings, LLC approached Impact Seven with an opportunity to invest in the historic rehabilitation of a building that had seen high vacancy and deterioration for many years. Seeing the potential economic benefit to Milwaukee, Impact Seven invested \$885,000 in the project and provided a letter of credit to the senior construction lender. Additional financing came from a WHEDA loan, WEDC grant, City of Milwaukee Tax-Increment Financing (TIF) funds, and federal and state historic tax credit equity. The project began occupancy in the fall of 2015.

The result is a high-quality and much-desired property with 21 affordable units in the heart of downtown.



**\$53.57 MILLION**

total economic impact of the MKE Lofts project

THE DAILY REPORTER.COM  
**TOP PROJECTS**  
OF 2015



# CREATIVITY

for the win



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# CREATIVITY



**\$4.6 MILLION**  
total project cost

**20 UNITS**  
with rental assistance

**VETERAN**  
targeted

## FRANKLIN SCHOOL apartments

IN SCHOOL

This historic project illustrates Impact Seven's ability to transform overlooked properties into community assets. Once a vacant school, Franklin School Apartments is a new rental community providing 20 affordable apartments and townhomes for families on Rice Lake's Main Street.

The Rice Lake School Board originally constructed the building in 1936 as a six-room primary school. After more than eight decades of service, the Board vacated the building as it could no longer support modern educational needs. In 2013, we proposed an adaptive reuse to safeguard the landmark and respond to the area's housing demand. Construction began in summer 2015 to convert the school building into 12 loft-style apartments and add 8 new townhomes.

Both renovated and newly constructed buildings follow Wisconsin Green Built Homes criteria for sustainable construction. Sustainable practices and features include enhanced air sealing, low VOC products and Energy-Star rated windows. All units feature Energy-Star rated products which include appliances, light fixtures and ventilation, 95% efficient furnaces and high-efficiency central air conditioners. The historic apartments provide either one or two bedrooms with an open design, high exposed ceilings and design elements such as art niches and built-in shelving. The townhomes are designed to accommodate larger families with three bedrooms, two bathrooms, ground level exterior entrances and a private garage.

All units are affordable for low- and very-low-income families, with a special focus on veterans.

This project was made possible by significant public investment, including:

- >>> Low Income Housing Tax Credits (LIHTC) from WHEDA
- >>> Federal Historic Tax Credits
- >>> State Historic Tax Credits through the Wisconsin Historical Society and WEDC
- >>> HOME funds through the Wisconsin Department of Administration
- >>> Affordable Housing Program (AHP) funds from the FHLB-Chicago
- >>> NeighborWorks America capital grant

Bremer Bank provided the project construction and permanent financing.





# COMMUNITY

building neighborhoods and families

## ASPEN ACRES ASSISTED LIVING

Born from the owners' mission to offer families a safe and comfortable atmosphere for their eldest family members, Aspen Acres Assisted Living opened its doors in November of 2015. A year prior, owners Brian and Rachael Spielmann identified the need for a designated memory care community in their small town of Hayward, Wisconsin. This \$2.67 million start-up received the financing it needed through a combination of Chippewa Valley Bank lending and a \$529,250 Impact Seven loan. The result? A beautiful 24-unit community that offers much needed senior services that allow the area's aging population the opportunity to receive high-level care, comfort and compassion close to home.



**\$2.67 MILLION**  
total project cost

**\$529,250**  
Impact Seven investment

**20 JOBS**  
created

**\$4.56 MILLION**  
total economic impact of the Aspen  
Acres project







**\$198,519**

total economic impact of these Prescott start-ups



## SUPPORTING COMMUNITY AND ENTREPRENEURS IN A WISCONSIN RIVER TOWN

### RIVER ROCK TREATS

Old-fashioned ice cream parlour? Sign us up. Entrepreneur Crystal Schmidt approached Impact Seven with an idea and a strong business plan in the early months of 2015. With an ideal location in Prescott's downtown area, just blocks from the Mississippi River, Crystal was in need of financial support to get her start-up off the ground. We were happy to offer her a \$30,000 SBA Microloan to do just that. Now, the growing, tourist-oriented city of Prescott is home to a nostalgic and family-friendly ice cream shop. River Rock Treats will boost the local workforce by up to six positions each year. *Photograph by the Pierce County Herald*

### GREAT ESCAPE MARINE

Another Prescott project of 2015 is Great Escape Marine. Ken Stano began purchasing and remodeling freshwater boats in 2010. Ken specializes in purchasing used boats and updating them to "better-than-new" condition by including modern updates like Bluetooth technology, USB charging stations, entertainment centers and LED lighting. He is able to offer free delivery within the continental United States - a great added value for consumers across the country. He started with just one or two boats per year, and by 2014 his business had grown exponentially. In 2015, Ken approached Impact Seven to request an operating line of credit. This would allow him to quickly purchase boats that come up for sale, instead of waiting up to three weeks for bank approval for each one.

Using the Small Business Lending Fund from the U.S. Department of the Treasury, we were able to work with Great Escape Marine to create a \$150,000 operating line of credit, allowing Ken to scale up his operations over the next few years.



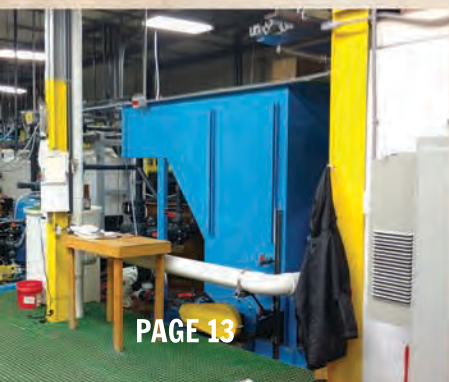
# EXPERIENCE

fosters confident investing

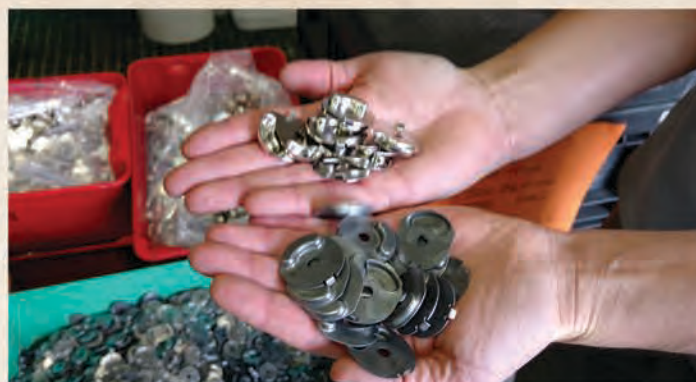


**\$1.36 MILLION**

total economic impact of the Advanced  
Plating project



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# EXPERIENCE

**\$1.625 MILLION**  
total project cost

**\$700,000**  
Impact Seven investment

**28**  
jobs created or retained

## ADVANCED PLATING TECHNOLOGIES (APT)

APT is a fourth-generation, veteran-owned metal plating company located in a distressed central Milwaukee neighborhood

APT specializes in metal finishing solutions for adhesion, corrosion protection, surface finish, solderability, thermal and electrical conductivity and aesthetics. Key industries serviced include medical, power transmission, ammunition, telecommunication, marine, rail and fasteners.

From 2009 to 2014 revenues nearly doubled and the company was in need of financing to support an expansion project in order to keep up with growing demand. The expansion plans included upgrading existing equipment, purchasing an additional plating line and replacing an aging wastewater treatment system. Using OCS Funding, Impact Seven and Town Bank worked together to create a financing package of \$1.63 million, increasing APT's internal capacity and systems to create greater efficiencies.

APT is adding 28 new employees by 2017, with a commitment to hire low-income individuals from the local community whenever possible.



# INNOVATION

creates new opportunities

Over our 46 year history, we've prided ourselves on our ability to think outside of the box and engineer innovative products and programs. As funding sources and federal programs evolve, it challenges us to look into the future to design new solutions.

The first of its kind, Impact Seven's statewide NMTC Small Business Loan Pool unlocks the power of New Markets Tax Credits for smaller deals statewide by consolidating administrative costs, thereby reducing the per-project legal and administrative expenses. Blending a leveraged loan with NMTC investor equity provided by PNC Bank, our Wisconsin Impact Fund II supports eligible projects located in severely distressed census tracts with below-market interest rates.

This innovative financing solution was a key contributor to many projects throughout the state, including the Charmant Hotel.



Charmant

67 GUEST ROOMS  
ON-SITE RESTAURANT  
LOUNGE AREAS  
ROOFTOP BAR  
EVENT SPACES



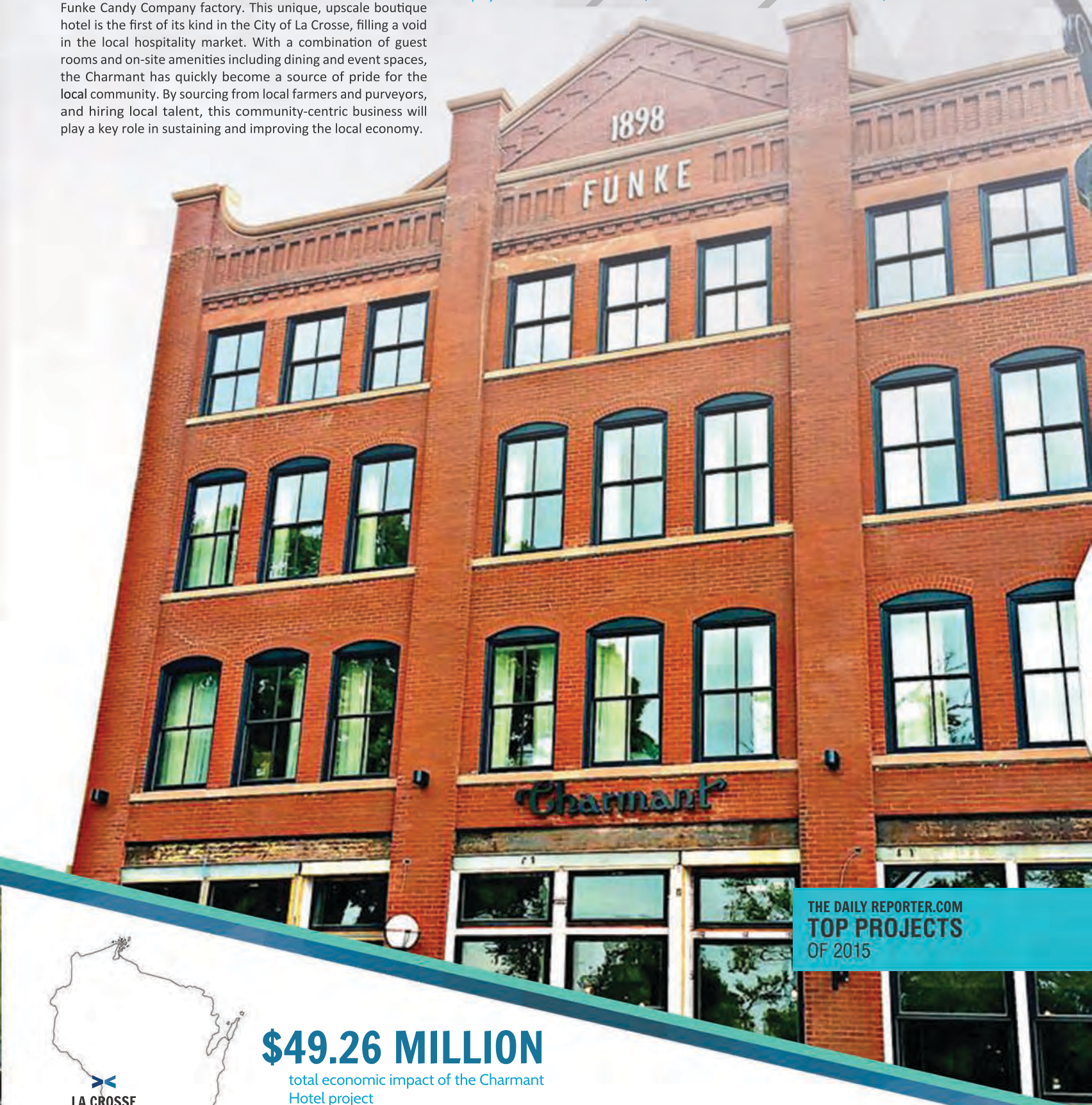
## THE CHARMANT HOTEL

The Charmant Hotel opened its doors in the fall of 2015 after the extensive renovation of the historically and locally significant Funke Candy Company factory. This unique, upscale boutique hotel is the first of its kind in the City of La Crosse, filling a void in the local hospitality market. With a combination of guest rooms and on-site amenities including dining and event spaces, the Charmant has quickly become a source of pride for the local community. By sourcing from local farmers and purveyors, and hiring local talent, this community-centric business will play a key role in sustaining and improving the local economy.

**\$29.3 MILLION**  
total project cost

**\$4.5 MILLION**  
Impact Seven loan

**50 FULL-TIME JOBS**  
with additional part-time hires



LA CROSSE

**\$49.26 MILLION**  
total economic impact of the Charmant  
Hotel project

THE DAILY REPORTER.COM  
**TOP PROJECTS**  
OF 2015



# PASSION

for placemaking

The restoration of the "Celebrate the Arts" mural, a landmark in the Bronzeville Cultural and Entertainment District in Milwaukee, showed us the value of passion and creative thinking in community development.

Muralist Reynaldo Hernandez's spirit of giving and pride in his community are humbling. We are honored by the opportunity to work with him.

BEFORE

AFTER

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# PASSION

## INNER CITY ARTS MURAL

The iconic “Celebrate the Arts” mural, located on the west wall of Impact Seven’s Milwaukee office, was first commissioned in 1984. Muralist Reynaldo Hernandez worked alongside the youth of the Milwaukee Commando Project to paint what became one of the most recognizable murals in the City. The mural is a depiction of various art forms, including a jazz musician, a drummer, and dancers.

After years of wear, Impact Seven, one of the three owners of building, contacted the original artist in hopes of rehabilitating the once vibrant mural.

Supported by a grant from the National Equity Fund, Mr. Hernandez began work in the summer of 2015 and completed the mural in the fall. During the restoration process, many neighbors stopped by to appreciate how the new paint brought new life to a community landmark.

Alongside the Friends of Bronzeville, we held an unveiling ceremony in early 2016. Event attendees enjoyed art exhibitions and a drumming performance, and were encouraged to take part in an oral history project.



# TIMELINESS

the right solution at the right moment

At Impact Seven, we understand that momentum is a valuable and often overlooked asset when building a business, and we work with our borrowers to capitalize on forward progress whenever we can.

## MILWAUKEE WAREHOUSE DEVELOPMENT

This project consists of the development of two parcels, both brownfields and both located in NMTC Qualified Census Tract. One of the buildings will consist of 72,000 square feet, with a sole tenant. The second building will consist of 60,000 square feet in total. Three tenants will each occupy a 20,000 square foot space.

This is a great example of how Impact Seven complements and works with conventional banks, rather than competing with them. The community bank had reached its lending limit for a single customer, and was unable to make the size of loan needed to complete the deal. By providing a subordinate participation loan for the balance of funds needed, Impact Seven was able to keep the project moving forward and help the bank keep a customer who needed deals.



**\$1.44 MILLION**

total economic impact of the  
Milwaukee Warehouse Development

**\$14 MILLION**  
total project cost

**\$760,000**  
Impact Seven loan

THE DAILY REPORTER.COM  
**TOP PROJECTS**  
OF 2015



# TIMELINESS

**\$345,000**  
total project cost

**\$210,000**  
Impact Seven loan

**18 JOBS**  
retained or created

**\$472,449**

total economic impact of the  
All Stone Solutions project



## ALL STONE SOLUTIONS, LLC

All Stone Solutions came to Impact Seven with a unique opportunity on a finite timeline. With a contract for a stone quarry deep in the northwoods of Wisconsin. This stone has highly-prized texture and colors (brown, rust, gold and gray) with a unique grain and dramatic 3D texture. The formation provides stone that can be used without the expense of further processing. Uses for this particular stone include landscaping applications, backsplashes, shower surrounds, countertops, fireplaces, pillars and more. The owners of All Stone Solutions were in need of a financing package to purchase additional equipment, make improvements to their existing building and allow them some working capital.

Impact Seven, with the assistance of the Iron County Development Zone Council and the Park Falls Area Community Development Corporation, pulled together a creative financing package that included a combination of Small Business Loan Funds and OCS Funding. With this loan, All Stone Solutions was able to ramp up production in late 2015 to satisfy their contracts on time.

*"With the funding we received from Impact Seven, we were able to upgrade our facility and purchase equipment necessary for cutting and splitting stone. We now have a fabricating plant in Park Falls that will create a large variety of product offerings to meet the demands of consumers, and this in turn will provide a growing opportunity for employment within this community."*

*"We have had the pleasure and good fortune of working with an experienced and knowledgeable representative from Impact Seven. Krista has been very helpful and supportive throughout the entire funding process. [...] We are extremely grateful that the Park Falls Area Community Development Corporation pointed us in the direction of Impact Seven. We wouldn't be where we are today without this wonderful organization."*

**Brad Gerlach**  
**James Bucheger**  
All Stone Solutions, LLC



# PERSEVERANCE

the resolve to achieve results

Originally constructed in 1885 as a magnificent private residence, the historic Wilmarth Mansion served as an administrative center for Trinity Lutheran Hospital for approximately 90 years. Subsequent prolonged vacancy and neglect had taken severe toll on this landmark when Impact Seven acquired it in 1999.

Impact Seven worked with local architect C&S Design and Engineering and General Contractor Angelo Luppino to restore the historic 6,500 square feet to its former glory. The upper floor has been renovated to provide private executive offices, while the lower level has been made available to the public for corporate events, parties, and weddings. This type of office and event space is the first in Ashland and will provide Impact Seven with a unique way to serve and support the community in Ashland and Bayfield Counties.



# PERSEVERANCE

**\$675,000**  
total project cost

**6,500**  
total square feet

**130 YEARS**  
of history preserved

## WILMARTH MANSION





# CAPACITY

to create change

## \$492,000 IN NEIGHBORWORKS GRANT FUNDING

NeighborWorks America announced in early 2016 that Impact Seven awarded \$492,000 in 2016 grant funding, an increase of over 170% than our 2015 award. These grant funds are to be used across a variety of Impact Seven programming, including real estate development, asset management, business lending, and building assets for our organization.

## NEIGHBORWORKS EXEMPLARY RATING

In 2015, we received the highest possible rating of 'Exemplary' by the NeighborWorks Organizational Assessment Division (OAD), which conducts regular comprehensive and unbiased reviews of all NeighborWorks America members.



## AERIS RATING REVIEW

Aeris is the recognized leader for providing data, analysis, and advisory services that support investment in CDFI's. Impact Seven received a 2015 investment-grade rating as sound for exhibiting satisfactory financial strength, performance, and risk management practices.



FHLB Chicago  
Federal Home Loan Bank of Chicago

Community First® Fund  
Growing Strong Communities:  
Impact Seven



# CAPACITY

## \$3 MILLION PNC BANK INVESTMENT

In 2014, Impact Seven obtained a \$3 million, low-interest loan from our partners at PNC Bank for small business lending in the Milwaukee region. The funds carry a low interest rate and can be used for an array of community development projects involving small business and real estate development.

## \$1.75 MILLION GRANT FROM THE CDFI FUND

Impact Seven capped off 2015 with a \$1.75 million grant from the U.S. Department of the Treasury's CDFI Fund – our biggest award ever. These funds can be used across the state to provide flexible gap financing for job creating small business development projects in distressed communities across our Wisconsin target market.

## \$8 MILLION NMTC LOAN POOL

The first of its kind, Impact Seven's New Markets Tax Credits Small Business Loan Pool unlocks the power of NMTCs for smaller deals statewide by consolidating administrative costs, thereby reducing the per-project legal and administrative expenses. Blending a leveraged loan with NMTC investor equity provided by PNC Bank, our Wisconsin Impact Fund II supports eligible projects located in severely distressed census tracts with below-market interest rates.

## INCREASING CAPACITY WITH THE FEDERAL HOME LOAN BANK OF CHICAGO

Peanut butter and jelly. Rock and roll. Impact Seven and the Federal Home Loan Bank of Chicago.

Over the decades, FHLB Affordable Housing Program (AHP) grants have helped Impact Seven create thousands of affordable housing opportunities all over Wisconsin. In 2015, our relationship with FHLB-Chicago jumped to a whole new level.



- >>> In March 2015 we were named a partner in FHLB Chicago's Community First Fund. The \$7 million, 10-year loan at a hair over 2% interest will provide flexible loan capital for business expansions to assist in the creation and/or retention of an estimated 700 jobs and 100 units of affordable housing over the term of the loan.
- >>> In April we became an FHLB-Chicago member, opening new possibilities across all of our lines of business.
- >>> Also in April, Impact Seven along with our partner Layton Boulevard West Neighbors were awarded a \$10,000 Community First Award for the success of 2014's single-family, rent-to-own project co-developed in Milwaukee.

We look forward to capitalizing on our growing relationship with FHLB-Chicago and putting their muscle and sophistication to work in meeting our mission.

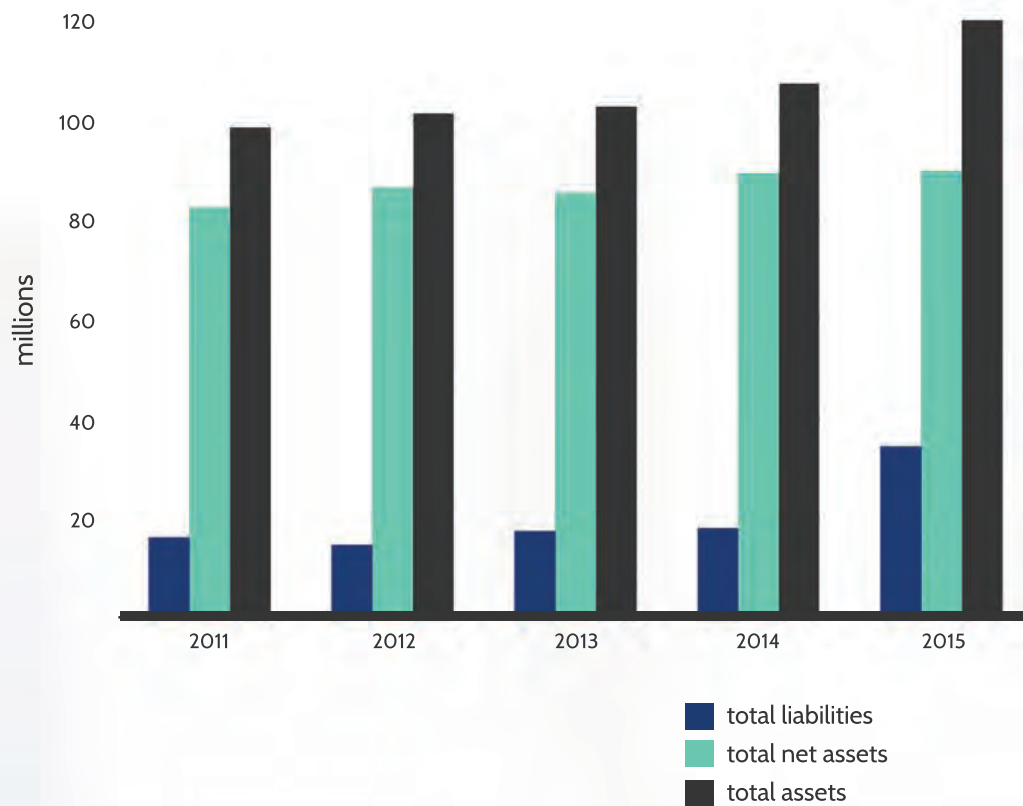


# STRENGTH

creates opportunities

## BALANCE SHEET GROWTH

2011 to 2015





# STRENGTH

## STATEMENT OF FINANCIAL POSITION

### ASSETS

|   | 2014               | 2015               |
|---|--------------------|--------------------|
| cash and cash equivalents - unrestricted    | \$5,855,180        | \$4,631,273        |
| cash - restricted                           | 6,898,949          | 6,214,309          |
| temporary cash investments                  | 1,325,951          | 2,001,383          |
| accounts receivable                         | 2,088,104          | 1,903,409          |
| contracts receivable                        | 1,041,235          | 856,000            |
| notes receivable - current portion          | 3,097,614          | 4,302,897          |
| other current assets                        | 698,689            | 749,432            |
| property and equipment                      | 749,709            | 832,872            |
| income producing real estate                | 46,332,170         | 50,402,513         |
| gross notes receivable - noncurrent portion | 30,494,894         | 43,774,975         |
| less allowance for loan loss                | (1,266,290)        | (1,254,767)        |
| investments in real estate                  | 1,511,011          | 1,278,735          |
| investment securities                       | 1,155,258          | 1,168,328          |
| restricted deposits and funded reserves     | 4,822,296          | 4,838,749          |
| other investments                           | 2,630,380          | 2,580,051          |
| <b>total assets</b>                         | <b>107,435,150</b> | <b>124,280,159</b> |

### LIABILITIES

|                                       |                   |                   |
|---------------------------------------|-------------------|-------------------|
| current maturities of long-term debt  | \$400,000         | \$506,100         |
| accounts payable and accrued expenses | 1,814,422         | 1,830,624         |
| equity equivalent investment          | 4,000,000         | 4,000,000         |
| long-term debt - less current portion | 11,885,560        | 28,134,886        |
| <b>total liabilities</b>              | <b>18,099,982</b> | <b>34,471,610</b> |

### NET ASSETS

|                         |                   |                   |
|-------------------------|-------------------|-------------------|
| unrestricted            | \$33,147,550      | \$34,426,536      |
| temporarily restricted  | 55,048,428        | 54,052,823        |
| permanently restricted  | 1,139,190         | 1,329,190         |
| <b>total net assets</b> | <b>89,335,168</b> | <b>89,808,549</b> |

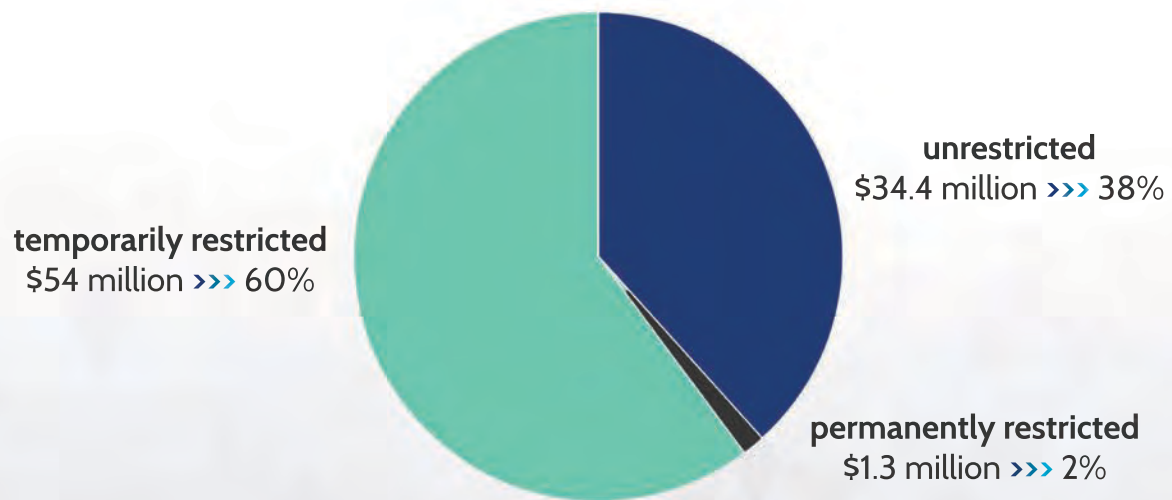
**total liabilities and net assets**

**\$107,435,150      \$124,280,159**



## 2015 NET ASSETS BREAKDOWN

**\$89,808,549**  
total net assets





## STATEMENT OF ACTIVITIES

### REVENUES

|                                 |                   |
|---------------------------------|-------------------|
| consulting and development fees | \$1,009,535       |
| housing management revenues     | 4,936,385         |
| interest revenues               | 1,731,175         |
| contract revenues               | 902,601           |
| new markets tax credit revenues | 1,328,446         |
| other revenues                  | 930,705           |
| <b>total revenues</b>           | <b>10,838,847</b> |

### EXPENSES

|                              |                   |
|------------------------------|-------------------|
| salaries, wages and benefits | \$3,486,653       |
| professional services        | 299,503           |
| travel                       | 124,750           |
| office maintenance           | 94,781            |
| operational expenses         | 357,660           |
| interest                     | 759,338           |
| housing management expenses  | 4,655,115         |
| other expenses               | 738,081           |
| <b>total expenses</b>        | <b>10,515,881</b> |

### NET INCOME / (LOSS)

**\$322,966**

## OTHER FINANCIAL MEASURES

|                                    | 2011          | 2012          | 2013          | 2014          | 2015          |
|------------------------------------|---------------|---------------|---------------|---------------|---------------|
| loan disbursements                 | \$7,104,469   | \$6,963,261   | \$16,324,679  | \$8,463,369   | \$25,074,738  |
| loans > 90 days past due           | \$1,485,486   | \$337,954     | \$243,390     | \$1,359,001   | \$3,338       |
| net charge-offs during year        | \$752,124     | \$0           | \$7,318       | \$0           | \$88,335      |
| charge-offs as % of loan portfolio | 3.08%         | 0%            | 0.02%         | 0%            | 0.18%         |
| gross loans receivable             | \$24,425,170  | \$26,478,505  | \$37,704,972  | \$33,592,508  | \$48,077,872  |
| managed loan portfolio             | \$119,100,000 | \$148,700,00  | \$150,200,000 | \$179,500,000 | \$173,260,539 |
| total loans under management       | \$143,525,170 | \$175,178,505 | \$187,904,972 | \$213,092,508 | \$221,338,411 |
| income producing real estate       | \$37,406,305  | \$41,681,649  | \$40,634,467  | \$46,332,170  | \$50,402,513  |
| deployment ratio                   | 72.5%         | 84.1%         | 85.7%         | 81.2%         | 84.3%         |

*includes commitments, real estate and other mission-related investments*







# OUR MISSION

Impacting communities and lives through socially motivated investment and service.

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Impacting communities. Impacting lives.

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**2015 ANNUAL REPORT**

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