

HELLO FROM WISCONSIN

It was a great 2016

588 JOBS

created or retained

100 UNITS OF HOUSING

developed or rehabilitated

426,685 SQUARE FEET

of commercial real estate financed

Impact Seven is a nonprofit, mission-driven organization focused on positively impacting communities and lives through socially motivated investment and service. We put our mission to work through our three main lines of business: real estate development, business lending and property management.

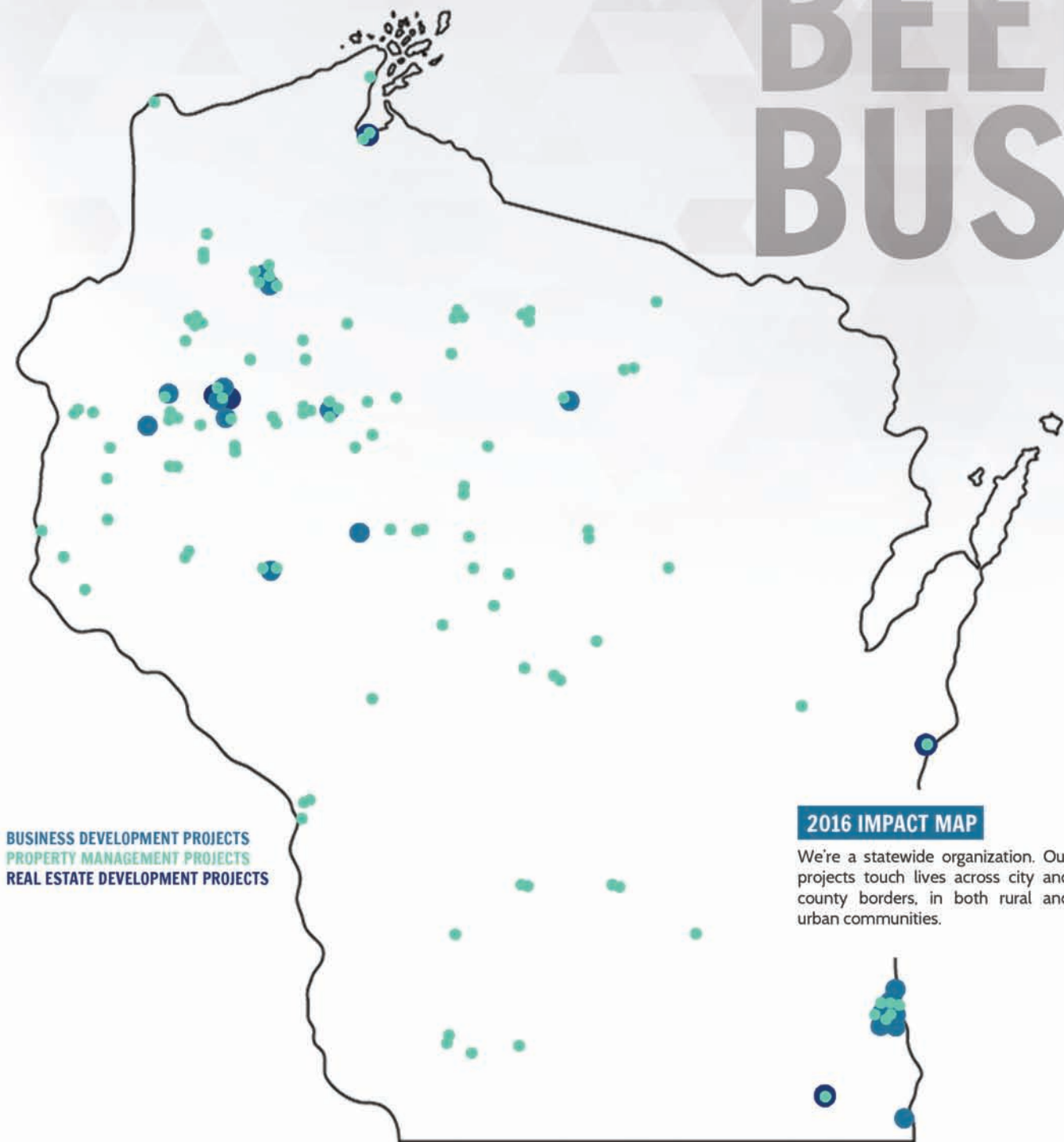
As a Community Development Financial Institution (CDFI), we offer opportunities to people outside of the economic mainstream. At Impact Seven, that opportunity takes shape in many ways. It could be the rehabilitation or development of a new affordable housing property in a community that desperately lacks access to decent and safe housing. It could be an inventory loan for a small main street business, or a multi-million-dollar investment to support access to healthy foods to an urban neighborhood.

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. Take a look at our 2016 Annual Report to learn about some of the projects and stories we're a part of.



Impact Seven is dedicated to improving communities and lives through socially-motivated investment and service.

WE'VE BEEN BUSY



ABOUT THE NUMBERS

Impact Seven uses IMPLAN, a sophisticated economic modeling system, to measure the impacts of our lending and affordable housing activities, as well as to understand how our investments interact to grow the economy of Wisconsin. Throughout our 2016 Annual Report, we have quantified the direct, indirect and induced economic effects of our highlighted projects across the state.

CONTENTS

FUNDERS

Bank of America
BMO Harris Bank
CDFI Fund, U.S. Department of the Treasury
Chippewa Valley Bank
City of La Crosse, WI
City of Manitowoc, WI
City of Milwaukee, WI
Commerce Bank
Community Development Bank
Community Housing Capital
Enterprise Community Partners
Federal Home Loan Bank of Chicago
Johnson Bank
JP Morgan Chase Bank
National Equity Fund
NeighborWorks America
PNC Bank
Time Federal Savings Bank

U.S. Department of Agriculture - Rural Development Administration

U.S. Department of Health and Human Services - Office of Administration for Children and Families - Office of Community Services

U.S. Department of Housing and Urban Development

U.S. Economic Development Administration

U.S. Small Business Administration

Wells Fargo

Wisconsin Department of Administration - Division of Energy, Housing and Community Resources

Wisconsin Economic Development Corporation

Wisconsin Housing and Economic Development Authority

PARTNERS

CDFI Fund, U.S. Department of the Treasury
Aging and Disability Resource Center of Barron, Rusk and Washburn Counties
Anderson Webb, 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 Association
Lutheran Social Services of Wisconsin and Upper Michigan
Martin Luther King Economic Development Corporation
MetroPlains, LLC
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.
Rapoza Associates
Regional Business Fund
Rusk County Housing Authority
United Migrant Opportunity Services
WestCAP
Wisconsin Business Development Finance Corporation
Wisconsin Council for Affordable and Rural Housing
Wisconsin Economic Development Corporation
Wisconsin Housing and Economic Development Authority
Wisconsin Redevelopment, LLC
Wisconsin SBDC Network
Wisconsin Women's Business Initiative Corporation

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A NOTE FROM OUR CEO

Complex projects. Simple truths.

Impact Seven has always embraced complexity, employing synergies between real estate development, flexible lending, and property management. But for us, complexity is more than just a vexing byproduct of community development; our ability to handle it is what sets us apart, and it's an essential component of our brand.

There are many ways to gauge community development success: housing preserved, jobs created, units developed, businesses served....the list goes on. These are important metrics to be sure. But the true measure of success is in the lives and stories of the people, businesses and communities we impact. Replace "units of housing" with "homes for families," or "full-time jobs" with "opportunities to thrive" and you'll see our mission at work. Add in some high-quality photos of those people, businesses and buildings, and you get our 2016 annual report, which I hope stirs the same passion in you that inspires us to see these long and complex endeavors to completion.

In 2016, Impact Seven strengthened Wisconsin's employment base by supporting projects across the state that promise to add valuable jobs, and for the first time ended the year with a loan portfolio of over \$50 million. We also completed the adaptive rehabilitation of two historic buildings on opposite sides of the state into affordable housing, adding more than 60 units of new, high-quality homes to our portfolio. As a result, Impact Seven's portfolio of affordable housing under management surpassed 1,500 units.

Impact Seven is not always the lead actor. We often play a supporting role by lending our financial strength, development acumen and excellent customer service. Whatever role we play, it is always an essential one scaled appropriately to the unique and complex needs of the project at hand. And while it is not in our nature to take a lot of credit, please allow us this opportunity to demonstrate the social and economic returns on investment to our funders, partners and customers.

On behalf of myself, the Impact Seven Board of Directors and all the employees of Impact Seven, we are thankful to our partners who help us deliver on our mission every day. It is only with their support that we can positively impact communities and lives across the state.


BRETT GERBER, CEO



ARTIST LOFTS

Manitowoc, Wisconsin



artistlofts



\$9.4 MILLION
total project cost

40 UNITS
36 designated affordable

87 YEARS
of history preserved

Artist Lofts is the transformation of an industrial building into an exceptional 40-unit, loft-style apartment community. Mirro Plant #3 was originally constructed in 1929 by the nation's largest aluminum goods manufacturer. By 2003, all Mirro manufacturing was transferred overseas, which left all the original Manitowoc facilities either demolished or vacant. Through the multi-year efforts of Impact Seven and development consultant Wisconsin Redevelopment, LLC, one of the last icons of Manitowoc's early industry now has new life as mixed-income housing and art gallery space.

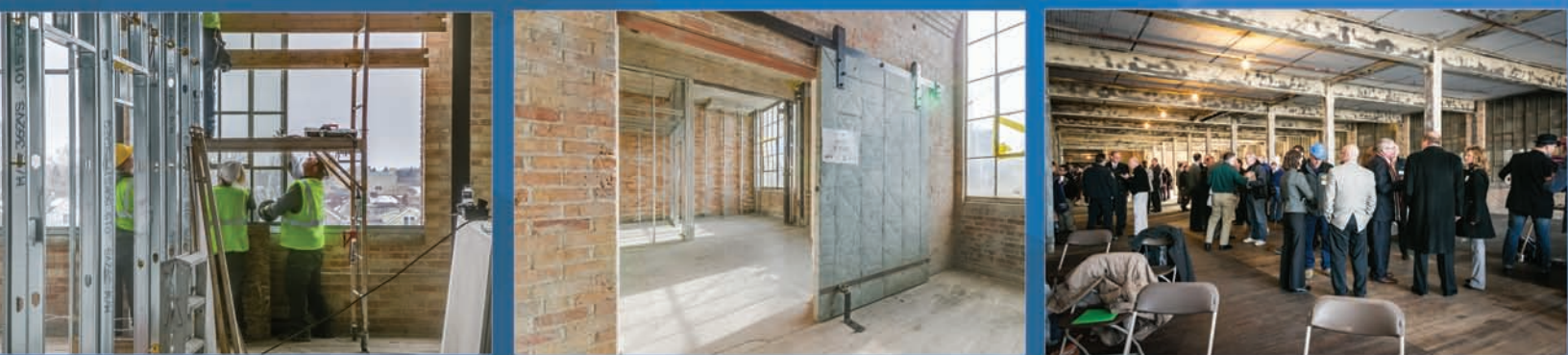


ARTIST LOFTS GROUNDBREAKING
DECEMBER 2015

The five-story building provides two- and three-bedroom units that are affordable to a range of households, from those earning 30% of the area median income up to those who can afford market-rate rents. Design features include tall ceilings, impressive windows and exposed architectural elements. Tenants have access to indoor parking, on-site management, a fitness room and a multi-purpose community room. Twenty-five percent of the project's apartment units are targeted to veterans.

Artist Lofts features a studio and gallery space that provides free or low-cost arts programming, such as classes and exhibitions, to the tenants and greater Manitowoc community. To celebrate Manitowoc's local artist community, the building also showcases two exterior murals completed by local artists.

During construction, the development team achieved a 27% participation from Disadvantaged Business Enterprises and 24% participation by local Manitowoc contractors and suppliers. At completion, Artist Lofts earned the highest energy-efficiency rating for multifamily developments in the history of Wisconsin Green Built Homes. Construction commenced in November 2015 and full occupancy was achieved in September 2016.



LEFT >>> Partners took turns at the ceremonial groundbreaking celebration in Manitowoc, Wisconsin

ARTIST LOFTS PROJECT PARTNERS

Wisconsin Redevelopment, LLC
Wisconsin Housing and Economic Development Authority (WHEDA)
Wisconsin Economic Development Corporation (WEDC)
Wisconsin Department of Administration - Division of Energy,
Housing and Community Resources
Wisconsin Historical Society
Wisconsin Department of Natural Resources
City of Manitowoc
United States Environmental Protection Agency
National Equity Fund
Federal Home Loan Bank of Chicago
Bank Mutual
Commerce Bank
Quorum Architects
Catalyst Construction
MacRostie Historic Advisors
TJH Energy Consulting
ReadyEarth Consulting
Stantec
Reinhart Boerner Van Deuren
Foley & Lardner
Baker Tilly
Manitowoc County Veterans Service Office
Lakeshore CAP
Vagabond Visual Concepts
Muralist Erin LaBonte
Muralist Kris Austin

\$16.28 MILLION
total economic impact of this project



RIGHT >>> Governor Scott Walker takes a photo with muralist Kris Austin and family

Artist Loft
3-Bedrooms
Baths
Floor Plans
Call Us
844-548
impactseve

ARTIST LOFTS GRAND OPENING JULY 2016



NELSON INDUSTRIES

St. Croix Falls, Wisconsin

Nelson Industries in St. Croix Falls is a Wisconsin-based manufacturer of the Yetti, a high-end aluminum frame ice fishing house. Incorporated in 2013, they began leasing an older pole building which was both poorly insulated and had an inefficient design for their production line.

As their number of contracts grew and production increased, they looked toward purchasing a facility better suited to their needs. As a new business, finding a traditional financing source proved difficult. In 2015, Impact Seven used CDFI SBLF funds to make a loan to purchase an industrial building and equipment. Today the company is profitable and thriving with 14 full-time employees and a growing distribution network in Minnesota and North Dakota.





LUBE SUPPLIERS

Stanley, Wisconsin

Lube Suppliers, LLC was started in January of 2013 out of Steve and Jessica's home. As the business grew, they moved into a leased commercial building in the Stanley, Wisconsin industrial park. In October of 2014, Impact Seven and the Regional Business Fund came together to help them purchase the property they were leasing, and provided additional funds to improve the property to meet their growing needs.

Business continued to grow rapidly, and Lube Suppliers became the sixth largest wholesaler of Amsoil in the state. In 2016, they approached Impact Seven again, this time for financing for the addition of a retail space and modifications to the current layout to allow for as-needed mechanic work. A combination of USDA RBEG and SBA Microloan funds were used for the renovations, signage upgrades and inventory expansion.



\$268,764
total project cost

4 JOBS
created and/or retained

FRANKLIN SCHOOL APARTMENTS

Rice Lake, Wisconsin





\$4.6 MILLION
total project cost

20 UNITS
of affordable housing

80 YEARS
of history preserved

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.



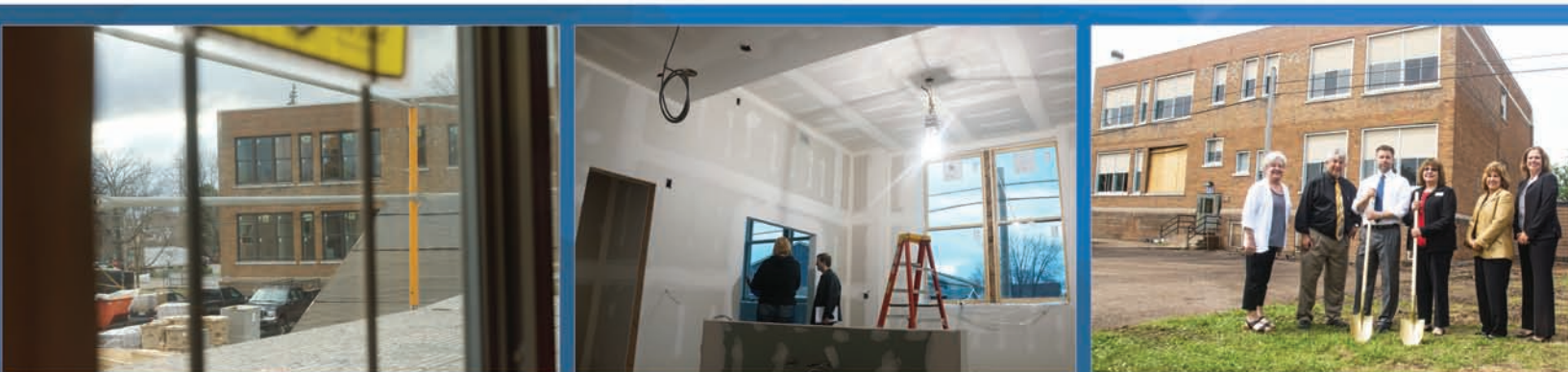


FRANKLIN SCHOOL APARTMENTS GROUNDBREAKING
JULY 2015

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, Impact Seven 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.



LEFT >>> Original architectural elements like doors and built-ins remain, preserving the building's character.

FRANKLIN SCHOOL APARTMENTS PROJECT PARTNERS

Wisconsin Housing and Economic Development Authority (WHEDA)
Wisconsin Economic Development Corporation (WEDC)
Wisconsin Department of Administration - Division of Energy,
Housing and Community Resources
Wisconsin Historical Society
City of Rice Lake
National Equity Fund
Federal Home Loan Bank of Chicago
NeighborWorks America
Bremer Bank
Commerce Bank
Johnson Bank
Foley & Lardner, LLP
Baker Tilly
Dave Cecil Builders, Inc.
Sikes Abernathie Architects
Barron County Veterans Service Office

\$8.07 MILLION
total economic impact of this project



RIGHT >>> Bailey shows off her new apartment to community members at the grand opening celebration



FRANKLIN SCHOOL APARTMENTS GRAND OPENING
JUNE 2016

BARRON COUNTY HOUSING

Barron County, Wisconsin

Barron County Housing consists of three multi-family rental complexes located along the Highway 53 corridor in Barron County, Wisconsin. The buildings are located in the cities of Rice Lake (24 units), Chetek (8 units) and Barron (8 units).

Originally built in 1980 with USDA Rural Development financing, Impact Seven stepped in when the subsidy period had ended and the owners had permission from USDA to sell the properties as market rate housing. Working with seven separate funding sources and agencies, we assembled a package to acquire the property, catch up on overdue maintenance and make other upgrades to improve tenant satisfaction, lower operating costs and assure long-term marketability. Our efforts preserved the property as affordable for low-income families earning at or below 50% of the area median income. All tenants also benefit from HUD project-based rental assistance, which means tenants pay 30% of their household income toward rent.

The renovations included completely remodeled kitchens and bathrooms, as well as energy efficiency improvements such as new windows, air conditioning units, hot water heaters, Energy Star-rated appliances and lighting. In addition, the 20 units on the first floor were modified to be either accessible or meet visitability standards for persons with disabilities. Rehabilitation commenced in October 2015 on a unit-by-unit basis to minimize disruption to tenants. The rehabilitation was fully complete in August 2016.



\$4.97 MILLION
total economic impact of this project

\$2.9 MILLION
total project cost

40 UNITS
of affordable housing



\$34.8 MILLION
total project cost

\$3 MILLION
Impact Seven investment

286 JOBS
created and/or retained



CHERRY WATER, LLC

Milwaukee, Wisconsin

Cherry Water, LLC is the redevelopment of the historic Laacke and Joys building located on a downtown Milwaukee NMTC eligible CDFI Investment Area. The 141-year-old structure was vacated in 2014. Spearheaded by Wangard Partners, LLC, the redevelopment consists of 110,000 square feet of office space, located just six blocks from the new Milwaukee Bucks arena and entertainment venue.

Tri City National Bank engaged Impact Seven when New Market Tax Credits became available for the project. Impact Seven was asked to fill a \$5 million funding gap by providing \$3 million of a \$5 million subordinate participation loan with WHEDA.

The office building is now the global headquarters for Bader Rutter, who brought approximately 286 full-time jobs to the area with a 20-year lease in place. Additionally, the project brings over 200 new parking spaces, a green rooftop deck, riverfront patio, large windows, an on-site gym and more.



\$50.28 MILLION
total economic impact of this project

FRESHWATER PLAZA

Milwaukee, Wisconsin

\$16.2 MILLION
total project cost

\$4 MILLION
Impact Seven investment

76 APARTMENTS
15 designated affordable

Freshwater Plaza is the redevelopment of a brownfield site into a neighborhood catalyst. This Walker's Point project features a 46,000 square foot market, retail spaces and mixed-income apartments.





Developed by Wangard Partners, Freshwater Plaza is a four-phase, urban brownfield redevelopment located in Walker's Point, a transitional neighborhood just 1.3 miles south of downtown Milwaukee. It will serve as the gateway to the neighborhood and to the University of Wisconsin-Milwaukee's School of Freshwater Sciences, and as a catalyst for the neighborhood by providing a reputable, high-quality grocer along with local, national and regional retailers. The project is located in the Transform Milwaukee corridor, a public-private initiative that leverages Milwaukee's workforce, industrial strengths and transportation assets to expand community investments, increase business development, boost job creation and strengthen neighborhoods.

Impact Seven's \$4 million loan provides critical gap financing needed to complete Phase Three of the project. With a total development cost of \$16.2 million, this phase consists of 16,500 square feet of retail space and 76 apartments, 20% of which are set aside for lower income residents. Impact Seven is also providing gap financing for Phase One, which includes the Cermak Fresh Market grocery store.

\$30.3 MILLION

total economic impact of Phase Three of this project



RIGHT >>> Impact Seven's Vice President of Business Development at the ceremonial groundbreaking

FRESHWATER PLAZA GROUNDBREAKING

OCTOBER 2015





CERMAK FRESH MARKET

Milwaukee, Wisconsin

\$11.14 MILLION
total project cost

\$500,000
total Impact Seven investment

75 JOBS
created

Cermak Fresh Market is a Chicago-based supermarket chain that caters especially to a diverse ethnic and cultural customer base. It boasts the best quality in hand-picked fresh produce, local and international groceries, superior meats from the Certified Angus Beef brand, a fresh fish selection, wholesome dairy, a fresh bakery and a large selection of both foreign and domestic beverages. With a rapidly growing customer base, Cermak Fresh Market has grown to over 11 grocery stores. It has served millions of customers, and continues to expand throughout the Greater Chicago and Southeast Wisconsin areas. Besides the growing customer base and competitive prices, Cermak also attributes its success to its commitment to superior fresh foods and the utmost quality of customer service.

Cermak Fresh Market was looking to expand into a new development, Freshwater Plaza. The development site was a brownfield, and is located adjacent to a "food desert." The multi-million dollar project required some creative gap financing to achieve full funding, and a \$500,000 loan from Impact Seven loan was a needed catalyst. With 64 percent of low-income Milwaukee residents reporting inadequate access to healthy foods, Cermak Fresh Market provides an underserved neighborhood with convenient access to affordable, healthy foods.

Beyond the benefits of a fresh-focused market, Cermak also hired 75 full-time positions.

\$18.45 MILLION
total economic impact of this project



2016 HEADLINES

Quick Updates

\$492,000 IN NEIGHBORWORKS GRANT FUNDING

NeighborWorks America awarded a \$492,000 grant to Impact Seven in early 2016, an increase of 170% over 2015. 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 WORKS"

Our story of place-based investments in rural Park Falls, Wisconsin was published in NeighborWorks America's 2016 book NeighborWorks Works: Practical Solutions from America's Community Development Network. The story chronicled a decade-long relationship between Impact Seven and various members of the Park Falls business community. The book is available on Amazon.com.

NEIGHBORWORKS EXEMPLARY RATING

In 2016, Impact Seven maintained 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 to support investments in CDFIs. Impact Seven received a 2016 rating reflecting strong financial strength, performance and risk management practices.

\$1.4 MILLION GRANT FROM THE CDFI FUND

Impact Seven capped off 2016 with a \$1.4 million grant from the U.S. Department of the Treasury's CDFI Fund. 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.

RICE LAKE CORPORATE OFFICE

In 2000, we built our headquarters in Almena, Wisconsin. Lovingly dubbed the "Log Castle" by our employees, the space has served us well over the last decade and a half. But as our real estate and lending portfolio grew to historically high levels, our staff grew as well and soon the Almena building was beyond capacity.

When looking at the possibility of opening another office in northwest Wisconsin, there seemed no better place than the City of Rice Lake. The largest city in Barron County, Rice Lake serves as a regional center for commerce, manufacturing, health and educational services.

Late in 2015, a building on one of the main throughways became available and the decision was made to split our offices and move our administration and CDFI functions into this new space, allowing the Property Management team to spread out into the full footprint of the Almena office. Just 20 miles apart, these two offices provide the community and our customers with greater access to Impact Seven's services. The Rice Lake headquarters began renovations in the fall of 2016, and was completed the following April. A key feature is a training space, where dozens of employees are now able to gather for training opportunities.

FINANCIALS

2016

STATEMENT OF FINANCIAL POSITION

CURRENT ASSETS

	2016
Cash and Cash Equivalents	\$8,244,987
Restricted Cash	6,829,600
Housing Management Cash	833,820
Temporary Cash Investments	1,832,656
Accounts Receivable	885,097
Contracts Receivable	8,717
Current Portion of Notes Receivable	9,401,801
Prepaid Expenses	338,773
Other Current Assets	401,076
Total Current Assets	28,776,527

PROPERTY AND EQUIPMENT

2,209,278

INCOME PRODUCING REAL ESTATE

86,306,076

OTHER ASSETS

Notes Receivable	34,924,384
Investments in Real Estate	1,801,329
Other Investments	2,285,542
Investment Securities	1,022,772
Restricted Deposits and Funded Reserves	6,021,360
Miscellaneous Other Assets	366,245
Total Other Assets	46,421,632

TOTAL ASSETS

\$163,713,513

CURRENT LIABILITIES

Current Portion of Notes Payable	\$3,131,468
Accounts Payable and Accrued Expenses	1,786,346
Accrued Interest Payable	294,283
Total Current Liabilities	5,212,097

LONG-TERM LIABILITIES

Notes Payable	34,640,759
Other Liabilities	3,352,047
Total Long-Term Liabilities	37,992,806

TOTAL LIABILITIES

43,204,903

NET ASSETS

Unrestricted - Controlling Interests	28,479,265
Unrestricted - Board Restricted Projects	7,299,413
Unrestricted - Non-controlling Interests	25,864,542
Total Unrestricted	61,643,220

Temporarily Restricted

53,254,978

Permanently Restricted

5,610,412

Total Net Assets

120,508,610

TOTAL LIABILITIES AND NET ASSETS

\$163,713,513

FINANCIALS

CONSOLIDATED STATEMENT OF ACTIVITIES

REVENUES

	2016
Consulting & Development Fees	\$229,446
Housing Management	6,400,531
Interest Revenue	2,742,332
Contract Revenue	6,082,802
Tax Credit Revenue	1,827,351
New Market Tax Credit Revenue	1,200,402
Other Revenue	578,270

TOTAL REVENUES	\$19,061,134
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EXPENSES

Salaries, Wages, and Benefits	\$3,739,270
Professional Services	412,384
Travel	130,232
Office Maintenance	164,138
Operational Expenses	374,313
Interest	1,476,429
Housing Management	3,383,942
Depreciation	2,938,283
Other Expenses	687,643

TOTAL EXPENSES	\$13,306,634
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NET INCOME/(LOSS)	\$5,754,500
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Change in Net Assets from Non-Operating Activities	6,806,401
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CHANGE IN NET ASSETS	\$12,560,901
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CDFI HIGHLIGHTS

	2016
Gross Loans Receivable (consolidated basis)	\$45,205,281
Net Charge-Offs During Year	\$25,868
Charge-Offs as % of Loan Portfolio	0.06%
Loans >90 Days Past Due (12/31)	\$0
Managed Loan Portfolio	\$192,164,595
Total Loans Under Management	\$237,369,876
Deployment Ratio *	82.0%

* Includes Commitments, Real Estate and Other Mission-Related Investments



Impacting communities. Impacting lives.

RICE LAKE HEADQUARTERS

2961 Decker Drive
Rice Lake, WI 54868

ALMENA OFFICE

147 Lake Almena Drive
Almena, WI 54805

MILWAUKEE OFFICE

642 W North Avenue
Milwaukee, WI 53212



www.impactseven.org
impact@impactseven.org

p: 800-685-9353
f: 715-357-6233



"This institution is an equal opportunity provider."

2016 ANNUAL REPORT

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