2022 Annual Report
2022 was an impactful year that included many remarkable achievements, transitions and new initiatives for NeighborWorks Capital. Jim Peffley joined our team as Chief Executive Officer, bringing decades of experience in finance, affordable housing, and community development. Jim will work with the team and Board of Directors to build on NeighborWorks Capital’s excellent track record, expand our support of the NeighborWorks network, and deepen our collective impact.

Long-standing board member, Rosa Rios Valdez, was elected President of the Board of Directors. Rosa has served in several capacities including as Secretary, Vice President, and Chair of the Loan Committee. She will lead the Board to provide the critical direction, insight, and accountability needed for NeighborWorks Capital to deliver on our mission.

At NeighborWorks Capital, our impact is achieved through the work of the nearly 250 members of NeighborWorks America. We believe the network is a powerful catalyst for locally-driven community advancement, and we support their equitable and inclusive work by connecting human, financial, and intellectual capital. We continue to serve as a key lender that leverages and deploys capital efficiently.

This year we raised $35 million of debt and equity capital to diversify our capital products and support the growth of our network partners. We are extremely proud of our accomplishments. We also believe that we can and must do more to help network members grow their work and impact. In 2023 we will launch NeighborWorks Capital Consulting, a separate business line that will connect community-based nonprofits with national consulting talent to build network member capacity and supplement existing resources.

We invite you to join us in celebrating a successful 2022, and we look forward to growing our impact together in the years to come.
2,528 HOMES created or preserved

Impact in Underserved Communities:

- 59% loan capital will support areas with majority-minority populations
- 81% loan capital will support areas of low income
- 93% affordable at or below 80% AMI

SUPPORTING MORE THAN $490MM IN TOTAL INVESTMENT

Through a direct investment of $35 million and leveraging of public/private capital equal to 14x our direct investment
A Community of Friends (ACOF) is one of the largest affordable housing developers in Los Angeles County, and in 2015, they partnered with NeighborWorks Capital to acquire land in Huntington Park, CA. to construct Huntington Square, a mixed-use development with affordable apartments and commercial space. Unfortunately, progress was threatened when the city expressed concern over the use of the property. Planning approvals and policy changes can be serious obstacles for tax credit-funded projects, but NeighborWorks Capital was able to help by extending ACOF’s loan and providing a new loan to see the project through its tax credit equity application and closing process.

The project continued to face resistance and delays resulting in additional loan extensions. ACOF considered selling the property but after much deliberation, they decided to continue pushing forward. Huntington Park needed affordable housing. In the last 20 years, only two affordable developments (43 apartments total) have been built. ACOF remained focused on its goal and presented a revised development plan that the city could ultimately support.

Huntington Square will now provide 48 affordable apartments for low-income seniors and formerly homeless senior veterans, including people experiencing chronic homelessness and those living with a mental health disability. ACOF also partnered with another developer to include the development of nine affordable townhomes for first time homeowners.

In 2022, ACOF refinanced its existing acquisition and predevelopment loans with NeighborWorks Capital and increased its predevelopment loan amount to cover predevelopment expenses to support the project’s construction closing. ACOF broke ground on Huntington Square in early 2023, and the project is scheduled for completion in late 2024.
NeighborhoodWorks Capital’s financial condition, capital structure, and earnings history continued to be strong in 2022. The organization’s sound capitalization was supported by a net assets to total assets ratio of 51% and strong liquidity, with a current ratio of 13.8:1. With attractive funding provided by our investors and well-controlled operating expenses, NeighborhoodWorks Capital experienced its 13th year of operating surpluses with a self-sufficiency ratio of 100%.

### Condensed Statement of Financial Position

<table>
<thead>
<tr>
<th></th>
<th>2022</th>
<th>2021</th>
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<tbody>
<tr>
<td><strong>ASSETS</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash and Investments</td>
<td>$13,388,349</td>
<td>$9,833,057</td>
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<tr>
<td>Loans Receivable (Net of Allowance)</td>
<td>93,530,731</td>
<td>96,383,264</td>
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<tr>
<td>Property &amp; Equipment (net)</td>
<td>609,220</td>
<td>73,626</td>
</tr>
<tr>
<td>Other Assets</td>
<td>702,265</td>
<td>514,406</td>
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<tr>
<td><strong>Total Assets</strong></td>
<td>$108,230,565</td>
<td>$106,804,353</td>
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<tr>
<td><strong>LIABILITIES</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Notes Payable</td>
<td>$45,839,362</td>
<td>$50,822,896</td>
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<tr>
<td>Equity Equivalent Investments</td>
<td>3,500,000</td>
<td>4,000,000</td>
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<tr>
<td>Other Liabilities</td>
<td>3,625,649</td>
<td>582,349</td>
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<tr>
<td><strong>Total Liabilities</strong></td>
<td>$52,965,011</td>
<td>$55,405,245</td>
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<tr>
<td><strong>NET ASSETS</strong></td>
<td></td>
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<tr>
<td>Without Donor Restriction</td>
<td>$28,899,871</td>
<td>$25,033,425</td>
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<tr>
<td>With Donor Restriction</td>
<td>26,365,683</td>
<td>26,365,683</td>
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<tr>
<td><strong>Total Net Assets</strong></td>
<td>$55,265,554</td>
<td>$51,399,108</td>
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<tr>
<td><strong>Total Liabilities and Net Assets</strong></td>
<td>$108,230,565</td>
<td>$106,804,353</td>
</tr>
</tbody>
</table>

### Statement of Activities - Operations

<table>
<thead>
<tr>
<th></th>
<th>2022</th>
<th>2021</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>REVENUE</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Loan Interest Income</td>
<td>$4,401,876</td>
<td>$5,429,555</td>
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<tr>
<td>Interest Expense</td>
<td>1,275,697</td>
<td>1,656,210</td>
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<tr>
<td>Net Interest Income</td>
<td>$3,126,179</td>
<td>$3,773,345</td>
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<tr>
<td>Grants</td>
<td>125,000</td>
<td>0</td>
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<tr>
<td>Loan Fees</td>
<td>557,145</td>
<td>323,167</td>
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<tr>
<td>Investment Income and Misc Revenue</td>
<td>33,856</td>
<td>26,877</td>
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<tr>
<td><strong>Total Fee &amp; Grant Income</strong></td>
<td>716,001</td>
<td>350,494</td>
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<tr>
<td><strong>Total Revenue</strong></td>
<td>$3,842,180</td>
<td>$4,123,839</td>
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<tr>
<td><strong>EXPENSE</strong></td>
<td></td>
<td></td>
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<tr>
<td>Personnel &amp; Benefits</td>
<td>2,694,168</td>
<td>2,215,407</td>
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<tr>
<td>Consulting / Professional</td>
<td>323,714</td>
<td>359,326</td>
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<tr>
<td>Other Operating</td>
<td>697,482</td>
<td>538,400</td>
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<tr>
<td><strong>Total Expenses</strong></td>
<td>$3,715,364</td>
<td>$3,113,133</td>
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<tr>
<td><strong>Net Operating Surplus (Deficit)</strong></td>
<td>$126,816</td>
<td>$1,010,706</td>
</tr>
<tr>
<td>Memo: Revenue excludes NWA &amp; CDFI Fund grants</td>
<td>$3,589,496</td>
<td>$4,326,265</td>
</tr>
<tr>
<td>Memo: Expenses excludes loan loss reserve contributions</td>
<td>$(150,134)</td>
<td>$(177,196)</td>
</tr>
</tbody>
</table>
Investors

NeighborWorks Capital has continued its trend of successfully bringing new investors on board while expanding existing relationships. In 2022, we raised an additional $30 million in debt and $5 million in equity to support our expanded loan products. We welcomed Opportunity Finance Network as a new investor, closed a $25 million permanent lending facility with Charles Schwab, and received capital grants from NeighborWorks America and the CDFI Fund’s Capital Magnet Fund.
Our Team

**STAFF**

Jim Peffley, Chief Executive Officer  
Steve Peelor, Chief Lending Officer  
Beth O’Leary, Chief Portfolio Officer  
Matt Glatting, Chief Financial Officer

Rosa Rios Valdez, President  
Megan Teare, Vice President/Secretary  
Caroline Horton, Treasurer

Lanie Wasserman, Senior Loan Officer  
Mike Haas, Senior Loan Officer  
Maya Dickens, Director of Loan Closings  
Hripsime Grigoryan, Loan Closer

Adam Coile, Director, Portfolio Management  
Tiana Coll, Director, Analysis and Technology Operations  
Vince Episcopo, Portfolio Manager  
Alexas Wilson, Portfolio Analyst  
Brent Bozman, Controller  
Mieva Herbert, Accountant  
Rachel Silva, Marketing & Communications Manager  
Rachel Haywood, Office Manager

**BOARD OF DIRECTORS**

Rosa Rios Valdez, President  
Megan Teare, Vice President/Secretary  
Caroline Horton, Treasurer

Peter Daly  
Jeff Reed  
Michael Carroll  
Fred Dodson  
Charlotte Crow  
Grace Chionuma  
Andy Madeira  
Emmanuel Kinard  
Eileen Neely

**FINANCE COMMITTEE**

Caroline Horton, Chair  
Megan Teare  
Eileen Neely  
Peter Daly  
Charlotte Crow  
Grace Chionuma

**GOVERNANCE COMMITTEE**

Fred Dodson, Chair  
Andy Madeira  
Tommy FitzGibbon  
Michael Carroll  
Tayani Odeleye  
Peter Quigley  
Emmanuel Kinard  
Rosa Rios Valdez, Chair  
Michael Carroll  
Caroline Horton  
Jeff Reed

**LOAN COMMITTEE**

Fred Dodson, Chair  
Andy Madeira  
Tommy FitzGibbon  
Michael Carroll  
Tayani Odeleye  
Peter Quigley  
Emmanuel Kinard

**RACE, EQUITY, DIVERSITY, & INCLUSION COMMITTEE**

Leah Evans, Co-Chair  
Michael Carroll, Co-Chair  
Fred Dodson  
Rosa Rios Valdez
In Memoriam

Jim Ferris  Former Chief Executive Officer

The NeighborWorks Capital Board of Directors and staff were saddened to learn of the death of former CEO Jim Ferris in May 2023. Jim was a champion of non-profit housing developers and had a tremendous impact throughout his 40-year career in the affordable housing and community development industry. His work improved the lives of countless families and individuals.

Jim served as CEO of NeighborWorks Capital for 15 years, leading the organization from inception to providing over $403 million in capital to our NeighborWorks network partners.

We honor Jim’s achievements and recognize his contributions to our organization and its standing as a national nonprofit and certified Community Development Financial Institution.

We will remain grateful for his inspirational leadership, dedicated service, and outstanding contributions to affordable housing, community development, and the entire NeighborWorks network.

NeighborWorks Capital Board & Staff
We believe the NeighborWorks network is a powerful catalyst for locally-driven community advancement. We support their equitable and inclusive work by connecting human, financial, and intellectual capital.