



2022 Annual Report



Letter from the Board President and CEO



Jim Peffley, Chief Executive Officer

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.



Rosa Rios Valdez, President, Board of Directors

2022

At a Glance

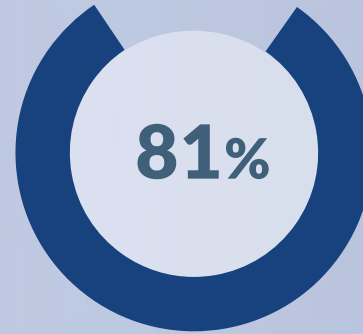
2,528 HOMES
created or preserved



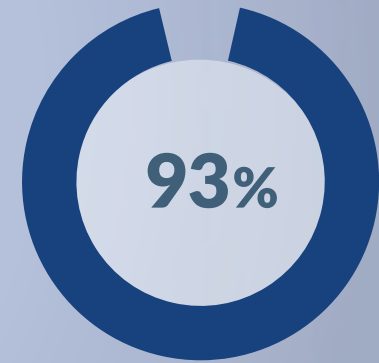
Impact in Underserved Communities:



loan capital will support areas with
majority-minority populations



loan capital will support areas of
low income



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

Affordable, Supportive Housing for Seniors, Veterans, and People with Mental Health Disabilities

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 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. [Watch a video of the groundbreaking >](#)



ACOF's Dora Leong Gallo speaks with PBS about the obstacles preventing homeless veterans finding housing in Los Angeles. [Watch >](#)



“We cannot do what we do without a lending partner who is understanding and supportive of our work. NeighborWorks Capital provided the patient capital that was required to see this project through to completion.”

– Dora Leong Gallo, President & Chief Executive Officer of ACOF

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.

Financials

NeighborWorks 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, NeighborWorks Capital experienced its 13th year of operating surpluses with a self-sufficiency ratio of 100%.

Condensed Statement of Financial Position

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

Statement of Activities - Operations

	2022	2021
REVENUE		
Loan Interest Income	\$ 4,401,876	\$5,429,555
Interest Expense	1,275,697	1,656,210
Net Interest Income	\$ 3,126,179	\$3,773,345
Grants	125,000	0
Loan Fees	557,145	323,617
Investment Income and Misc Revenue	33,856	26,877
Total Fee & Grant Income	716,001	350,494
Total Revenue	\$3,842,180	\$4,123,839
EXPENSE		
Personnel & Benefits	2,694,168	2,215,407
Consulting / Professional	323,714	359,326
Other Operating	697,482	538,400
Total Expenses	\$3,715,364	\$3,113,133
Net Operating Surplus (Deficit)	\$126,816	\$1,010,706
Memo: Revenue excludes NWA & CDFI Fund grants	\$3,589,496	\$4,326,265
Memo: Expenses excludes loan loss reserve contributions	\$ (150,134)	\$(177,196)

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

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

COMMITTEES

FINANCE COMMITTEE

Caroline Horton, Chair

Megan Teare

Eileen Neely

Peter Daly

Charlotte Crow

Grace Chionuma

LOAN COMMITTEE

Fred Dodson, Chair

Andy Madeira

Tommy FitzGibbon

Michael Carroll

Tayani Odeleye

Peter Quigley

Emmanuel Kinard

GOVERNANCE COMMITTEE

Rosa Rios Valdez, Chair

Michael Carroll

Caroline Horton

Jeff Reed

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

Our **WHY** Statement

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.



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OPPORTUNITYFINANCE NETWORK 