

ANNUAL LETTER TO ACC INVESTORS

2023 was a big year for Appalachian Community Capital. Founded in 2013, we celebrated ten years of making small businesses our mission. Our membership grew to a record high 34 CDFIs and other mission-aligned lenders. We hired Julia J. Parker as ACC's first ever Chief Lending and Impact Officer, doubling the size of our staff. We received a \$1.5 million grant from the Appalachian Regional Commission to bring the successful Opportunity Appalachia program into its third phase, and we launched a project to strengthen the data analytics that are available to CDFIs seeking to support BIPOC and rural entrepreneurs in Western North Carolina.

We distributed \$1 million through the Veteran Loan Fund, and we joined forces with Connect Humanity to begin raising \$25 million to bridge the digital divide throughout Appalachia. As the year ended, we came together with partners to apply for the Clean Communities Investment Accelerator, part of the U.S. Environmental Protection Agency's historic \$27 billion Greenhouse Gas Reduction Fund. This action marked the expansion of ACC's mission to increase access to capital for the rapid deployment of low- and zero- emission products, technologies, and services and to create meaningful economic opportunity in energy communities.

But behind all these headlines is still our driving force—getting capital into the hands of small businesses in chronically underserved Appalachian communities. Since 2015, when we first began lending, we have provided \$36 million in loans to our CDFI members.

These loans have had visible impacts on members' communities. They have made it possible for new enterprises to start and established ones to grow, they have created and retained jobs, and they have provided opportunities to entrepreneurs without access to financing from traditional sources. They have expanded the developing ecosystem of BIPOC and woman-owned businesses and businesses in distressed rural communities in Appalachia. They have filled vacant downtown storefronts, provided needed services and amenities, and helped to diversify and revitalize Appalachian economies and communities ready for the next chapters of their stories.

Capital provided by ACC investors helped fuel additional small business lending in the region, leverage additional private capital, and expand the diverse pool of small business owners who are the anchor institutions in so many of their communities. The best way to understand the true impacts of ACC and its members is to read the following highlights for 2023.

ACC thanks you for your support, and we look forward to another productive year ahead.

Sincerely,

Donna Gambrell

Donna Gambrell
President and CEO



APPALACHIAN
COMMUNITY CAPITAL



CDFI leaders from across greater Appalachia and special guests from national organizations gathered at Pittsburgh's iconic Energy Innovation Center for a roundtable on green and inclusive financing. – April 2023

LENDING HIGHLIGHTS

Appalachian Community Capital (ACC) is a certified Community Development Financial Institution (CDFI) created in 2013 to enable local entrepreneurs and small business owners start or grow their own enterprises, create high quality jobs, and improve the quality of life for people in the Appalachian region. A CDFI Intermediary, ACC lends to its members who, in turn, make loans to small business owners in counties designated by the Appalachian Regional Commission as being part of Appalachia. Since 2015, when it first began lending, ACC has leveraged \$41.5 million and deployed \$36 million in loans to ACC members. ACC has also provided training and technical assistance designed to strengthen its members’ organizational and lending capacity and ensure their creditworthiness and sustainability. In addition, ACC has obtained over \$20 million in grants, which ACC has used for operations or that it passed through to members to help build their capacity, enhance their technical assistance and training programs, or to disburse grants to the members’ small business customers.

Since ACC’s formation, members have financed 190 loans; 120 of these (or 63%) were to BIPOC- and women-owned businesses. Over a ten-year period, members reported that 2500 jobs were created in the region. In 2023, ACC provided \$7.5 million in loans to CDFI borrowers.

DEVELOPMENT SERVICES

CDFIs are required to provide training and technical assistance to their borrowers. In ACC’s case that means gauging the interest of members and then offering them an opportunity to obtain and/or share knowledge about growing their organizations and better serving their customers. In 2023, ACC offered business lending training, introductory CDFI courses, small business and green financing roundtables, and small business lending data analyses for members who are pursuing practices that will have greater impact for their small business customers and build the organizations’ capacity. Over 100 staff from regional CDFIs attended these sessions.

SMALL BUSINESS BORROWERS

The following pages present snapshots of the types of businesses that ACC members financed or continued to support in 2023.

Changing the Game in Downtown Thomas, West Virginia



Woodlands Community Lenders used \$85,625 in ACC capital to provide a loan to Adventure Guild, a woman-owned startup game shop in Thomas, West Virginia. Adventure Guild opened in a previously vacant building in this small former coal town of 600 people that is working to reinvent itself and stabilize its population. The loan provided the working capital that is so hard to obtain from traditional financing sources, enabling Angie and Jason Downs, Adventure Guild’s founders, to cover short-term business expenses—such as rent, payroll, and inventory—and open their doors in the summer of 2023.

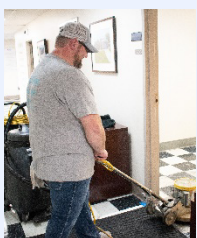
Not only did this loan support a small, local business in a downtown storefront, it also helped to create a much-needed community gathering space where youth and adults come together to play games and participate in organized game nights. Adventure Guild joins a growing contingent of small businesses on East Avenue, Thomas’ main street, that has received loans and technical assistance from Woodlands and are bringing new vibrancy to the community’s downtown.

“ The Adventure Guild Game Shop wouldn’t exist without the small business loan we received from Woodlands. Our dream of being a small business owner in Tucker County was contingent upon receiving financial support, and Woodlands made that happen. We are excited to be a part of the Thomas community and to bring fun, social activities to locals and traveling visitors. ”

– Jason Downs, Owner

Woodlands Community Lenders ACC Member	Tucker County, WV Project Location	Tucker County, WV County % Population Change, 2020-2022	\$49,808 Median Household Income, 2017-2021	-2.9% Poverty Rate	Transitional ARC County Economic Status
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Ensuring the Growth of a Small Business in SW Virginia



Kwik Shine Floor Care, LLC was founded by Derrick and Sunshine Wilmoth in 2015 to provide floor maintenance, power washing, painting, and gutter cleaning services to medical, church, business, and homeowner clients. In 2022, Kwik Shine was ready to grow. When the Wilmoths were unable to obtain financing from a traditional bank, they came to People Incorporated. The organization provided an ACC-financed loan of \$11,000 along with technical assistance on business planning. Loan funds assisted with the purchase of equipment, enabling Kwik Shine to expand its cleaning services.

As a result of the expansion, the Wilmoths picked up regular pressure washing jobs for three new commercial clients and anticipate a revenue increase of \$10,000-\$15,000 for the year. This loan was especially impactful in the small rural community of Lebanon, Virginia, which is seeking to diversify its economy in the wake of declines in the regional coal and agriculture industries. Kwik Shine keeps the revenue from this important service in the local economy and provides jobs to low and moderate-income residents—the business has hired an additional part-time employee and will add a new full-time position in the spring.

“ I’ve been doing floors since 2015 and we were wanting to expand to pressure washing and other things, so I contacted People Incorporated. The process went real smooth. I’m thankful to People Incorporated for helping us to branch out, help the community, and just try to make things better for people. ”

– Derrick Wilmoth, Owner

People, Inc. ACC Member	Russell County, VA Project Location	-1.3% County % Population Change, 2020-2022	\$41,100 Median Household Income, 2017-2021	18.4% Poverty Rate	At-Risk ARC County Economic Status
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Continuing Impact: From an Idea to a Thriving Birmingham Tour Company



With a background in comedy, broadcasting, and food blogging, Cassandra “Joy” King dreamed of starting a restaurant tour company to showcase the amazing food scene, culture, and growth of her beloved city of Birmingham, Alabama. Ms. King received her first loan from Sabre Finance, financed with ACC capital, in 2021. She used the \$39,500 to purchase and restore three tour buses, and the woman of color-owned enJOY Entertainment, LLC was born. Operating as Eat.Drink.Ride.Food Tours, Ms. King introduces her guests to great local restaurants by way of her tour bus, sampling a variety of cuisines around Birmingham.

“ Sabre Finance is the reason that my company is afloat, the reason I have a company today.”
 – Cassandra “Joy” King, Owner

A year later Ms. King’s growing business secured a second ACC-financed loan from Sabre for \$63,169. With it, she created the Incognito Mobile Cigar Lounge, filling a gap in the entertainment market, drawing customers who want to tour the city smoking cigars and dining at local eateries. By 2023, Ms. King expanded her business further by adding the In Their Footsteps Civil Rights Tour. The tour includes stops at the terrorist bombing sites at Dynamite Hill and the 16th Street Baptist Church, the childhood home of civil rights activist Professor Angela Davis, and the Birmingham Civil Rights Institute. Ms. King now employs one full-time and ten part-time employees. Her food tours have become a reliable source of revenue for local restaurants, many of which were struggling due to the COVID-19 pandemic. The 2021 and 2022 loans she received were just the beginning of her story. They gave her the resources to tap into the opportunities she saw, make her business ideas into reality, and create a ripple effect through Birmingham’s economy that continues to grow.

Sabre Finance ACC Member	Jefferson County, AL Project Location	-1.3% County % Population Change, 2020-2022	\$63,595 Median Household Income, 2017-2021	16.4% Poverty Rate	Transitional ARC County Economic Status
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Stepping Up to Fill the Childcare Gap in Huntsville, Alabama



When Alexis Baskin saw a problem in her community—specifically, the lack of childcare options—she was determined to do something about it. Ms. Baskin, who works as a Product Security Analyst at The Boeing Company, was struggling to secure quality daycare for her own daughter, so she decided to take a leap and open her own daycare center. However, she was unable to obtain the needed capital from a mainstream bank because hers was a start-up business. That’s where the Loan Fund of Neighborhood Concepts and ACC came in. The Loan Fund of Neighborhood Concepts provided a \$50,000 loan using ACC capital so Ms. Baskin could open Bright Smiles Academy in Madison, Alabama. The loan financed leasehold improvements for this start-up business owned by a woman of color.

“ I am so happy to have this business relationship with Neighborhood Concepts. They believed in my vision and helped turn it into a reality. Not only did they play a part in opening my first daycare, they played a part in my second one as well. Neighborhood Concepts worked with me to help me achieve all the goals I set for myself!”
 – Alexis Baskin, Owner

Bright Smiles is playing a critical role in the community, addressing the childcare shortage exacerbated by the rapid growth of the Huntsville metropolitan area, including a large in-migration of new residents that is putting a strain on services. The academy currently serves 40 families with eight employees in Madison and is in the process of expanding to a second location in Huntsville, which will enable it to serve over 150 families with more than 20 employees. The Huntsville location will provide night care for parents who do not work the typical 9-5 shift—the first daycare in the city to offer overnight services.

Neighborhood Concepts Loan Fund ACC Member	Madison County, AL Project Location	4.0% County % Population Change, 2020-2022	\$78,058 Median Household Income, 2017-2021	10.2% Poverty Rate	Competitive ARC County Economic Status
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Building up the Biosciences in Rutherford County, North Carolina



Cohesion Phenomics, founded by Dr. Sumy Joseph, Ph.D., in 2011, is a woman-owned genetics laboratory that specializes in testing for and accurately diagnosing inherited heart conditions. The company opened in 2013 in the historic Sunlight Building in Spindale, North Carolina. In 2023, Dr. Joseph worked with Partner Community Capital (PCAP) to acquire an ACC-financed \$630,000 loan for working capital and new equipment to streamline Cohesion Phenomics’ testing. The loan allowed them to enhance their operational capabilities and grow their team of highly skilled Board-certified employees. The business was able to add two full-time staff due to the loan, bringing it to a total of six employees.

“ I am grateful for the support we’ve received from Partner Community Capital. They took the time to understand the unique needs of our business and our vision for the future, and their commitment has played a pivotal role in propelling Cohesion Phenomics to new heights.”
 – Dr. Sumy Joseph, Ph.D., Owner

Cohesion Phenomics brings an important new dimension to Rutherford County’s economy. The state-of-the-art facility is one of the very few certified laboratories in the region that carries out genetic testing for heritable disorders including cardiovascular diseases. Dr. Joseph has developed strategic partnerships and collaborations with the Harvard Medical School and the Fullerton Genetic Center of Mission Hospital in Asheville, North Carolina. The laboratory is creating local jobs for lab technologists, bioinformaticians, genetic counselors, and administrative support personnel, and they plan to work with the local schools and community colleges to develop programs that attract young people to scientific careers.

Partner Community Capital ACC Member	Rutherford County, NC Project Location	0.8% County % Population Change, 2020-2022	\$50,512 Median Household Income, 2017-2021	16.4% Poverty Rate	At-Risk ARC County Economic Status
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SPECIAL PROJECTS

In addition to providing loans to CDFI members, ACC has played an important role as a regional partner, working with CDFIs, public- and private-sector organizations and other entities to promote the region, to bring investment to Appalachian coal-impacted communities and to create new jobs and businesses that support sustainable growth.



Data Analytics Hub

A Data Analytics Hub that ACC is creating signifies a strategic move towards technological advancement and knowledge sharing. Serving as a dynamic platform, the hub provides valuable insights into challenges faced by underserved local businesses, enabling tailored outreach and services. With a goal of engaging 3,000 additional regional small businesses, the hub bridges information gaps, empowering ACC members to formulate targeted investment strategies. This initiative, coupled with ACC’s “Western North Carolina Technology Transformation for Capital Impact Acceleration” project supported by Dogwood Health Trust, demonstrates ACC’s commitment to leveraging data and technology for sustainable economic growth in the Appalachian region. The project, focused on non-traditional small business lenders, enhances capacity to meet the needs of underrepresented entrepreneurs, aligning with Dogwood Health Trust’s mission to improve community health and well-being.



Investing in Digital Equity

Connect Humanity and ACC have united on an Investing in Digital Equity in Appalachia (IDEA) initiative and seeking to raise \$25 million to address the digital divide, especially in rural Appalachia where one in four families lack broadband access. The partnership mobilizes local capital, engaging Community Development Financial Institutions (CDFIs), banks, impact investors, and foundations. The project also supports 50 underserved Appalachian communities in securing capital matches for government broadband funds.



Green Bank for Rural America

Energy communities have powered the economic growth of our nation—from coal, to oil, to natural gas—yet the decline of legacy energy industries has resulted in some of the most economically distressed regions of the country. This economic hardship and lack of opportunity will be exacerbated by future coal and power plant closures.

In October, ACC applied to EPA’s [Greenhouse Gas Reduction Fund](#) and requested [\\$1 billion under the agency’s Clean Communities Investment Accelerator program](#) to catalyze green energy investments in low-income rural communities impacted by declines in the fossil fuel industry. To accelerate economic restructuring and diversification in these communities, ACC has established the Green Bank for Appalachia, Energy Communities, and Underserved Rural America (or Green Bank for Rural America for short), a place-based effort that will be a hub for investment and technical assistance to community lenders, local leaders, and workforce development partners across the United States. The EPA anticipates announcing grant awards in the spring of 2024.



The Veteran Loan Fund

The Veteran Loan Fund, which is aiming to reach \$100 million nationally by 2027, addresses the critical issue of access to responsible capital for military veteran entrepreneurs, with Bank of America leading the way with a \$10 million investment in a second round of support. ACC’s commitment in 2023 was demonstrated through a \$1 million loan to member Sabre Finance, contributing to eliminating capital barriers for veteran entrepreneurs in Appalachia.



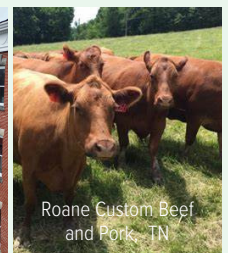
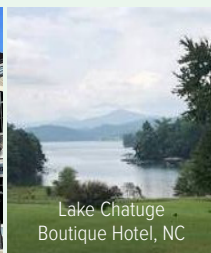
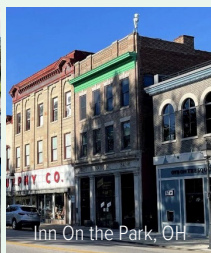
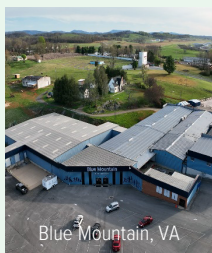
Opportunity Appalachia

Opportunity Appalachia provides technical assistance at the pre-development stage to Central Appalachian projects that support economic restructuring and diversification in underinvested communities. Since 2020, ACC and its partners, which include the Appalachian Regional Commission, have supported 58 projects seeking to raise \$471 M in financing and create 2,700 quality jobs. Our investment priorities include downtown development, housing, manufacturing, IT, healthcare, education, food systems, clean energy, and heritage tourism and recreation—primarily in rural communities. To administer the program, ACC has received grants from the Appalachian Regional Commission and matching funds from public- and private-sector partners. To date, projects totaling \$79M have been financed.



[Opportunity Appalachia is] providing us an opportunity for pre-development work that happens with construction. That is often the most difficult money to acquire and includes help with architects, engineering and permitting. If I had to draw up a wish list of how I would do a development, this is it.

—Stephanie Swepson-Twitty, CEO, Eagle Market Street Development



COMMUNICATIONS OUTREACH: MEDIA EXPOSURE & PLACEMENTS

Online & Print



Podcasts

- **The Divide:** Closing the Broadband Gap in Appalachia
- **FDIC:** Banking in Rural America
- **Appalachia Meets World:** Access to Capital in Appalachia



Social Media

X (formerly Twitter)

- 175 Followers
- 3667 Total Impressions

Instagram

- 126 (+12.5%) Followers
- 72 Total Posts
- Asheville, NC Top Location

LinkedIn

- 9,449 Organic Impressions
- 42 Total Reposts
- 30% Engagement Rate

2023 Speaking & Outreach Engagements

APRIL	<ul style="list-style-type: none"> • Green and Inclusive Roundtable—Pittsburgh, PA • Appalachian Funders Network convening—Flat Rock, NC
MAY	<ul style="list-style-type: none"> • Cohn Reznick’s 22nd Annual New Markets Tax Credits Summit—Miami, FL • South Carolina Community Capital Alliance Conference—Rock Hill, SC • Greater Washington Urban League’s 3rd Annual Equity in Black & White Summit—Washington, DC
JUNE	<ul style="list-style-type: none"> • Opportunity Appalachia Investor Convening (Virtual Conference) • Federal Reserve Bank of Cleveland Policy Summit—Cleveland, OH
AUGUST	<ul style="list-style-type: none"> • University of Virginia in Charlottesville—Fireside chat with Tadler Fellows
SEPTEMBER	<ul style="list-style-type: none"> • Clinton Global Initiative—New York, NY • ARC Annual Meeting—Ashland, KY • International Economic Development Council (IEDC) 2023 Annual Conference—Dallas, TX
OCTOBER	<ul style="list-style-type: none"> • Opportunity Zones Conference—Washington, DC • Virginia Community Capital’s 2023 Learning Exchange: Embracing Equity & Evolution—Richmond, VA • Opportunity Finance Network Annual Conference—Washington, DC • Reimagining the Economy Project - Harvard Kennedy School—Cambridge, MA
NOVEMBER	<ul style="list-style-type: none"> • Dogwood Health Trust—Access to Capital Convening—Asheville, NC • Federal Reserve Bank of New York—Community Development Finance and Impact—New York, NY
DECEMBER	<ul style="list-style-type: none"> • Native CDFI Network 4th Annual Policy & Capacity Building Summit—Washington, DC