



Appalachian Community Capital – 2022 Yearend Letter to Investors  
May 12, 2023

Dear ACC Investors and Funders:

ACC finished off an amazingly productive year in 2022 with a steady cash position, in excess of \$7.6 million in unrestricted/restricted funds plus approximately \$2 million in available credit on the Lines of credit. ACC funded \$12.5 million (inclusive of new and renewed loans) in 2022 and had in excess of \$10 million in debt funding and operational reserves available to bolster lending capacity heading into 2023. ACC's operational activities continue to evolve and rebound from the pandemic.

Total loans stood at \$20.7 million as of 12/31/22. ACC ended FY22 with a profit of \$314,754 for the 12-month period. Net interest income for FY22 was \$8K and the provision was increased by \$70K year to date based on the increase in the size of the loan portfolio. There is an expectation of increased interest income in 2023, based on anticipated lending activities, available funding reserves and growth of the team. ACC has continually searched for ways to generate additional non-interest income to add to annual profits. Non-interest expense for the period ended 12/31/22 totaled \$1.12 million with \$665K attributed to consulting and advisory expenses; \$50K was related to routine operations for ACC and \$615K to Opportunity Appalachia initiatives. ACC's SVP-Finance concluded that none of the expenses appeared to be extraordinary.

ACC has grown from 12 to 32 members. These members, many of whom have been in operation for over two decades, and their affiliates manage over \$1 billion in assets supporting economic development. Their asset sizes range from \$1.9 million to \$1.2 billion.

To date, ACC's capital (initial and subsequent) has been passed through to its members to finance 121 small businesses, providing business owners with funding for working capital, to purchase inventory, to hire staff, to expand their businesses, and a myriad of other activities. Of these businesses, 78 (or 64%) were made to BIPOC- or women-owned businesses.

In addition to increasing lending, which is regenerated many times over, investments in ACC helped expand several initiatives, including [Opportunity Appalachia](#), which began in 2020 and which provides technical assistance to redevelopment projects in Central Appalachia. Our 2020 - 2021 portfolio of 17 projects is anticipated to create over 900 jobs, with five projects having closed/are closing on \$89 million in financing, and three projects continuing to seek \$77 million in financing. Our 2022-2023 portfolio of 41 projects is anticipated to create over 1,700 jobs from projects seeking \$200 million financing.

Last year, ACC was often invited to events, such as the [Clinton Global Initiative](#), to discuss our work and ways in which the public and private sectors can help CDFIs to grow and thrive.

In addition, ACC also led major convenings in the region, such as DEI roundtables on small business lending and green and inclusive financing.

In December 2022, the Ford Foundation announced its continuing commitment to ACC and the region by providing a \$10 million, 10-year PRI to ACC. This new capital will allow ACC to go deeper into



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Appalachia to support more BIPOC small businesses and businesses in highly distressed rural areas.

In 2023, we plan to continue focusing on four major strategic pillars:

- PILLAR I – Blended Finance Facility (DEI, green enterprise, and small business refi initiatives)
- PILLAR II – Knowledge and Learning Platform (peer-to-peer portal, professional learning portal)
- PILLAR III – Technology Transformation (data analytics, white label solutions)
- PILLAR IV – Structured Finance (identify opportunities with New Markets Tax Credits, Opportunity Zones bridge financing, and creation of an ACC credit facility).

ACC is expecting continued success in the lending space in 2023 as the organization continues to grow membership and welcomes a [Chief Lending and Impact Officer](#) to the team.

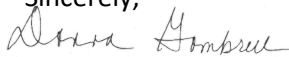
Regarding lessons learned, I offer this observation. Marc Morial, President of the National Urban League, has noted that it's great to say a rising tide lifts all boats, but not everyone has a boat!. Those of us involved in community and economic development (regardless of whether its CDFIs, funders and investors, or other stakeholders) must make sure everyone has a boat. That often means creating new and innovative ways to support not only the communities we care about, but providing the type of capital, tools, and technical assistance that the CDFI ecosystem needs to have maximum impact and to be sustainable.

When I joined ACC in 2017, I assumed many stakeholders would be interested in investing in the region. That was not always the case. If I could turn back the clock, I would be even more emphatic in demonstrating why long-term, low-cost, patient investment in Appalachia plays such a critical role in the growth of the region's underserved communities; why CDFIs need support similar to their customers to address challenges related to a lack of technology, talent, and capacity; and why without the continued commitment and engagement by funders and investors, we will be forever trying to help raise the tide without an adequate number of boats.

Appalachia has challenges and there is still much work to be done in a region that is geographically, economically, and racially diverse. Nonetheless, the region is filled with individuals who are committed to a just and diversified economy; who believe in economic, social, and racial justice; and who will continue to be adamant about public and private sector engagement, working in conjunction with community organizations, to address identified shortfalls.

I believe ACC, its members, and the region have a bright future. I thank you for supporting ACC in 2022.

Sincerely,

  
**Donna Gambrell**  
President & CEO