



ACC is off to a good start in 2022. The global pandemic continues to disrupt the economy, but overall CDFIs, including ACC, are navigating through the disruption, while still looking cautiously over our shoulders. Nonetheless, we persevered and by year end 2021, we had raised more capital (\$12.2 million in debt capital and \$5.7 in grant capital) than when ACC was first established.

After pausing their investments in 2020, existing and new investors sought out ACC in the last quarter of 2020 and throughout 2021. We were then faced with a new challenge: moving the debt obtained at a time when many ACC members had also received significant investments of their own from banks, government and state programs, as well as philanthropic organizations, to combat the impact caused by COVID-19. Toward the end of 2021, members again began reaching out to ACC to discuss loan requests. In the first quarter of 2022, ACC's loan committee had approved \$2.4 million in loans, with an estimated \$9 million in the pipeline for consideration. In addition, ACC is in the final phase of negotiating capital investments with two new funders.

The second tranche of repayments is due to ACC's four primary investors by May 1, 2022. As with last year, ACC will be able to repay these funds. But repayment also means that we must continue to seek new investments to replace the repayments, as well as add capital to the existing portfolio. I've explained the fluctuations to potential and new investors regarding the intercreditor repayment requirements, as questions arose about decreases in ACC's net assets. To date, the funders with whom I've spoken understand the reason for the fluctuations in ACC's net assets.

ACC's loan portfolio continues to experience no non-accruals, no charge offs, and no delinquencies. This is a testament to the strength of ACC's borrowers--CDFIs that effectively manage their operations and their lending activities, which they have been doing for decades.

NEW MEMBERS

In 2021, ACC membership increased from 23 to 27 with four new members:

- Bridgeway Capital (PA)
- Foodshed Capital (VA)
- Institute Capital (NC)
- Total Action Progress/Business Seed Capital (VA)

OPPORTUNITY APPALACHIA - PART 2



In September 2021, the Appalachian Regional Commission awarded ACC its second POWER grant (\$1.5MM) to replicate and expand the work we and our partners had done under phase 1 of Opportunity Appalachia, which matched TA providers with redevelopment projects in Opportunity Zones in the region. Under phase 2, we are expanding our coverage from 3 to 5 states, and we will target the Appalachian portions of NC, OH, TN, VA, and WV. In addition, the projects will not be required to be in Opportunity Zones. The Opportunity Appalachia program will continue to help local projects raise needed financing not only from Qualified Opportunity Zone Funds, but also New Markets Tax Credit CDEs, Historic Tax Credit leaders, banks, CDFIs and other partners.

STRATEGIC PLAN

In 4Q 2021, ACC modified its 5-year strategic plan to a three-year plan to address the changing landscape in the country and within the CDFI industry as issues related to racial inequality, income and geographic inequities, and health, environmental, and economic issues spilled over as result of a global pandemic, the killings of unarmed African Americans, and political discord.

ACC and its members responded to the challenges of COVID-19 challenges by creating new or building on existing programs intended to be more inclusive and to address the importance of small businesses. Diversity, equity, and inclusion is a cornerstone of ACC's strategic plan. We want to have an even deeper reach into communities of color, persistent poverty counties, and rural locales in Appalachia. Even though the percentage of minority communities in Appalachia is small compared to other regions and markets in the country, Census data show that this is a growing population. ACC believes it is critical to review its products and services to make sure they're serving their borrowers and the general population, and if not, to develop ways to reach more underserved markets in the region.

I look forward to providing an update to these and other initiatives in my annual narrative report in April. In the meantime, please do not hesitate to reach out if you have any questions.

Thank you for your support.

A handwritten signature in black ink that reads "Donna Gambrell".

Donna Gambrell
President & CEO

www.appalachiancommunitycapitalcdfi.org

"Small Business Lenders On A Mission"