Community Foundation for Monterey County
Impact Investing Portfolio Report

Marc Rand, Managing Partner
Community Capital Advisors
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Disclaimer

Executive Summary

GENERAL FINDINGS

- Organizations continue to examine their business operations and models moving forward. As the pandemic is not yet over, nonprofits are trying to serve their constituents online and in person. Furthermore, some nonprofits have successfully accessed one time, federally funded grant programs and now examining their next move. Farmlink is a perfect example.
- Small business lenders, including Accion Opportunity Fund, have taken a renewed focus on supporting entrepreneurs of color. This stems from their mission focus and external funding sources, such as foundations, banks, and investors.

AREAS TO WATCH

- Similar to the for-profit community, nonprofit executives have expressed concerns about hiring. As many staff members moved to new (and less expensive) locations during the work from home phase of the pandemic, nonprofits located in expensive areas are having a difficult time filling positions with qualified candidates. This fact is further complicated due to inflation which may require nonprofits to increase their compensation packages. CHISPA is a perfect example of this scenario as they are having challenges finding qualified candidates to take over the ED position.
- Rising costs of materials and labor are cutting into already thin margins across the board. While nonprofits are known to operate in times of difficulty, the pandemic and economic conditions are wearing thin on the sector. The effects of rising costs are heightened in specific sectors like affordable housing, which typically is created with subsidies and razor thin margins.
- To complicate matters, a pending recession could decrease overall giving from the funding and donor communities to the nonprofit sector overall.

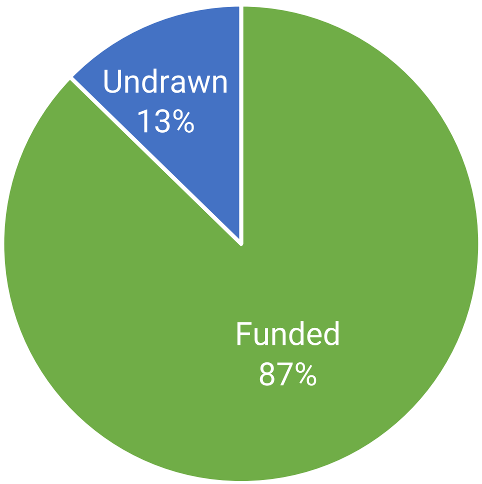
Portfolio Overview

Portfolio Summary

Portfolio Summary

Total Committed	$3,500,000	100%
Total Funded	$3,055,040	68%
Principal Outstanding	$3,055,040	68%
Secured	$0	0%
Unsecured	$3,055,040	100%
Principal Repaid	$0	0%
Interest Paid	$136,304	3%
Weighted Portfolio Net Return	2.83%	
Portfolio Target Return	2.50%	

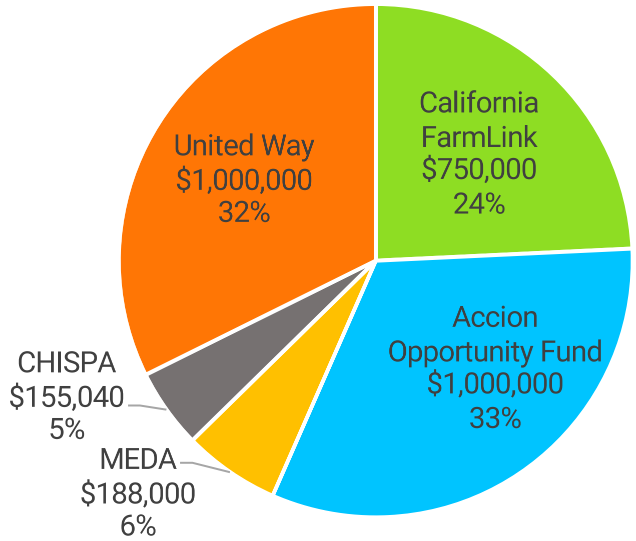
Total Capital: Funded & Undrawn



Repayment & Reporting Summary

Current (Principal Outstanding)	$3,055,040	100%
< 30 Days Delinquent	$0	0%
30-60 Days Delinquent	$0	0%
60-90 Days Delinquent	$0	0%
> 90 Days Delinquent	$0	0%
Charge-Offs	$0	0%
Default Rate	$0	0%
Reporting Status: Current	$3,055,040	100%
Financial Covenant: Compliant	$2,905,040	95%

Total Deployed in Monterey: By Loan



Portfolio Summary Detail

Investee	Vintage	Transaction Overview	Grant Support	Security	Amount Committed	Amount Funded	Amount Outstanding
California FarmLink	2018	Term Loan – Intermediary 2.5% interest; 5 years	$30,000	Unsecured	$750,000	$750,000	$750,000
Accion Opportunity Fund[1]	2018	Term Loan – Intermediary 2.5% interest; 5 years	$40,000	Unsecured	$1,000,000	$1,000,000	$1,000,000
Mission Economic Development Agency (MEDA)	2020	Term Loan – Intermediary 2.5% interest; 6 years	$660,000	Unsecured	$500,000[2]	$150,000[4]	$150,000
Community Housing Improvement Systems & Planning Association (CHISPA)	2021	Term Loan – Direct 2.5% interest: 5 years	$282,809[3]	Unsecured	$250,000	$155,040[4]	$155,040
United Way for Monterey County	2022	Term Loan – Direct 3.5% interest: 5 years	$532,094	Unsecured	$1,000,000	$1,000,000	$1,000,000
Totals			**$1,544,903**		**$3,500,000**	**$3,055,040**	**$3,055,040**

1) Effective 1/16/2020 Opportunity Fund (original borrower) merged with Accion to form Accion Opportunity Fund and this entity assumed the borrower status under the loan agreement.
2) Effective 11/29/2021 CFMC and MEDA amended the loan agreement to reduce the commitment from $1,000,000 to $500,000 and to extend the draw period by 12 months.
3) CHISPA received $50,000 for general operating support. The balance was restricted to support the VIDA program.
4) These disbursements were made subsequent to 6/30/2022

COMMUNITY CAPITAL ADVISORS LLC

Portfolio Repayment & Reporting Detail

Borrower	Principal Outstanding	% of Portfolio	Principal Repaid	Interest Repaid	Interest Schedule	Repayment Status	Reporting Status	Covenant Compliance	Current Risk Rating
California FarmLink	$750,000	24.5%	$0	$51,449	$18,750/ Annual	Current	Current	Compliant	2
Accion Opportunity Fund	$1,000,000	32.7%	$0	$84,856	$25,000/ Annual	Current	Current	Compliant	1.5
MEDA	$150,000	4.9%	$0	$0	$7,500/ Quarterly	Current	Current	1 covenant out of compliance	3.5
CHISPA	$155,040	5.1%	$0	$0	$6,250/ Quarterly	Current	Current	Compliant	2.5
United Way	$1,000,000	32.7%	$0	$0	$8,750/ Quarterly	Current	Not Yet Reporting	Not Yet Reporting	Not Yet Reporting
Total	**$3,055,040**	**100%**	**$0**	**$136,304**					

Portfolio Impact Detail

Borrower	Amount Deployed	Amount Deployed in Monterey	Number Loans in Monterey	# MC jobs retained	# MC jobs created	% borrowers low-income	% borrowers socially disadvantage demographic	% farmers using organic practices
California FarmLink	$750,000	$750,000[a]	76	581	71	68%	75%	33%
Accion Opportunity Fund	$1,000,000	$1,000,000	39	115	31	56%	80%	---
MEDA	$188,000	$188,000[b]	6	19	0	83%	100%	0%
CHISPA	$155,040	$155,040	N/A	N/A	N/A	N/A	N/A	N/A
United Way	$1,000,000	$1,000,000	N/A	N/A	N/A	N/A	N/A	N/A
Total	$3,088,040	$3,088,040	121	715	102	65%[c]	78%[c]	43%[c]

Notes

a A total of $1,692,791 is currently deployed in Monterey County, including the CFMC's loan of $750,000

b MEDA has approved $188,000 in Monterey County loans and partially drawn on CFMC loan capital shortly to fund them and others in their pipeline

c Weighted average by number of loans in Monterey reporting on these metrics

Active Investments

FarmLink Investment Overview

Mission Statement:
To link independent farmers and ranchers with the land and financing they need for a sustainable future. FarmLink helps farmers to build strong business skills, access fair financing, and establish secure land tenure.

CALIFORNIA FARMLINK

Reggie Knox
Executive Director
reggie@cafarmlink.org
831.425.0303 ext. 7020
californiafarmlink.org

Loan Purpose:	Provide loan capital as part of the FarmLink's nonprofit loan fund, the Farm Opportunities Loan Program. The Program provides flexibly structured financing to underserved and new farmers, making best efforts to loan in Monterey County.
Total Investment:	$750,000 *Grant Support: $30,000 COVID-19 relief Dec 2020*
Origination Date:	December 14, 2018
Maturity Date:	December 13, 2023, 5-year extension available
Key Terms:	2.5% interest rate Annual interest only payments Principal due at maturity 5-year term, with option to extend 5 additional years
Security:	Unsecured
Principal Outstanding:	$750,000
Payment Status:	Current
Reporting Status:	Current
Covenant Compliance:	Compliant

FarmLink Impact Narrative

During the first half of 2022, FarmLink supported eight (8) businesses in Monterey County with access to nine (9) loans, representing nearly one third of overall loan originations to-date this year. Seven (7) of these businesses are BIPOC-owned, including a Black-owned fishing business anchored in Seaside. In 2021, FarmLink was approved by the California Ocean Protection Council to manage the "California Fisheries Fund." Acquired from the CDFI Community Vision at no cost, the portfolio consists of 15 small business loans for a total of $1.58 million. FarmLink is prioritizing loans to beginning, low-income and disadvantaged small-scale fishers, with an emphasis on microloans to these businesses.

Additionally 12 businesses have received FarmLink's new "Resilience and Recovery" 0% loan, including six (6) BIPOC-owned businesses operating in Monterey. To-date, FarmLink has supported 15 BIPOC farm and fishery businesses through 19 loans across California, for a total deployment of over $880,000 in no-interest loans.

Cecilia Rojas Gonzalez
Rojas Tepetitla Organic, Salinas

"The loan has helped me to be able to invest and grow my acreage," she said, "Otherwise, I guess I would have stopped at 10 acres. With the loan I was able to rent more land and then plant. I have more money, so I'm able to reinvest it [in the farm] and do better."

SOCIAL METRICS	*7/1/21 -12/31/21*	*1/1/22 -6/30/22*
Total amount and number of loans made to Monterey farmers	New: $190k (2) Total: $1.7M (67)	New: $559k (9) Total: $2.3M (76)
Number of Monterey jobs retained	New: 12	New: 105
Number of Monterey jobs created	New: 0	New: 23
% of borrowers with low-income (at least 80% below the median income)	78%	68%
% borrowers in socially disadvantaged demographic	67%	75%
% of farmers with organic practices	69%	Annual only

FarmLink Financial Review

There have been no changes to management in the last reporting period. However, in the first half of 2022, two new Board members were added to FarmLink's Board of Directors: Jennifer Kuyper and Natalie Solares.

FarmLink entered 2022 in a strong financial position and its remains in a healthy financial position. FarmLink continues to grow its net assets by $2.5 million over the past 6 months, from $29.7 million to $32.2 million. FarmLink recently expanded its loan offering to include small business loans for fisheries in addition to farms. FarmLink has a very strong cash balance, due to several large multiyear grants that were recognized including Wells Fargo Open for Business ($2 million), the CDFI Rapid Response Program ($1.8 million), Silicon Valley Community Foundation ($400,000), Opportunity Finance Fund [deploying funds from Google and Twitter] ($2 million). It also has one large loan in 30+ days delinquent status awaiting to be restructured at the request of the USDA FSA guarantee program. FarmLink anticipates successfully restricting this as soon as able.

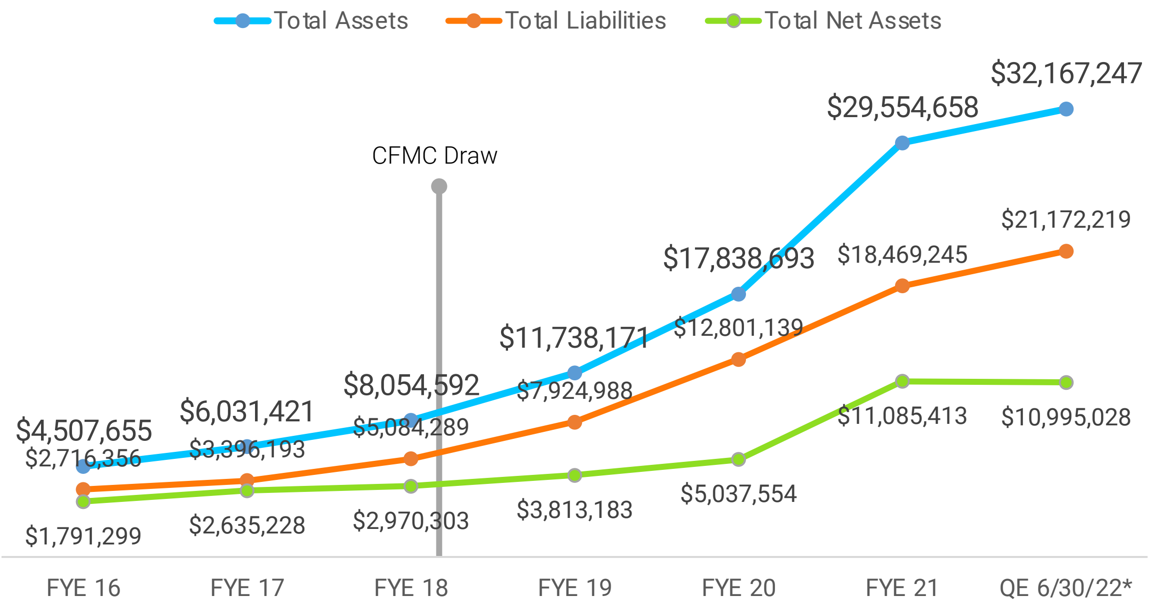
COVENANTS	*As of 12/31/21*	*As of 6/30/22*
Loan Loss Rate Loan loss rate shall be less than 1.5% of total loan portfolio in each fiscal year	0.03%	0.00%
Liquidity [(Unrestricted Cash and Equivalents / (annual operating expenses –depreciation))/365] >70	538.7 days	402 days
Leverage Ratio Total debt to total net assets < 2	1.55	1.66
CFMC Loan % Deployed % of CFMC loan to FarmLink deployed to farmers in CA and % in Monterey	100%	100%

Forward Looking Guidance:

FarmLink has expanded rapidly to meet the the needs of the farming community during the pandemic and has shown an ability to effectively serve the needs of clients. As we enter a post pandemic economy, we suggest monitoring as they seek to stabilize at this larger scale of operations.

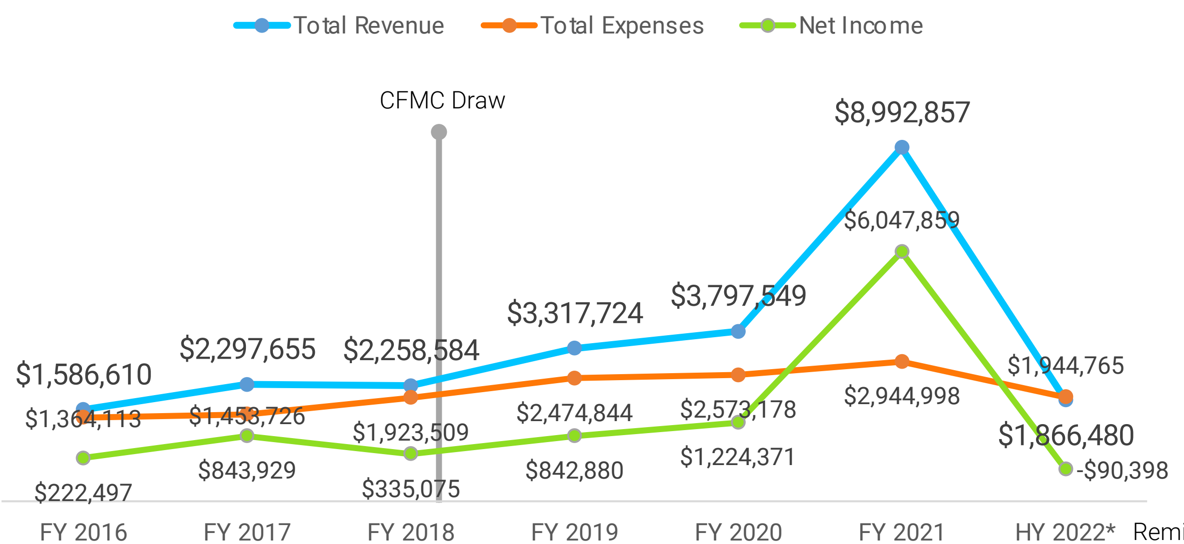
FarmLink Audited Statements Review

Balance Sheet



*Unaudited

Income Statement



Reminder these are partial year numbers

Over the past 6 years, Farmlink has increased its assets over 550%. Growth was fueled by external debt, CDFI awards, grants as mentioned in the preceding slide, and net income.

This growth in total assets reflects more organization assets available to make loans and provide support for farmers in the region. It also reflects lender and investor confidence in the organization.

Farmlink's income statement grew significantly in 2021, something that is likely to be anomalous.

This jump in revenue was fueled by grants to Farmlink's as well as the organization's involvement as a PPP servicer and organic growth from its loan portfolio.

FarmLink is growing and seeking to stabilize at a higher income and expense level this year, with expenses looking to grow ~25% over the previous year.

Accion Opportunity Fund Investment Overview

Mission Statement: To drive economic mobility by delivering affordable capital and responsible financial solutions to determined entrepreneurs and communities.

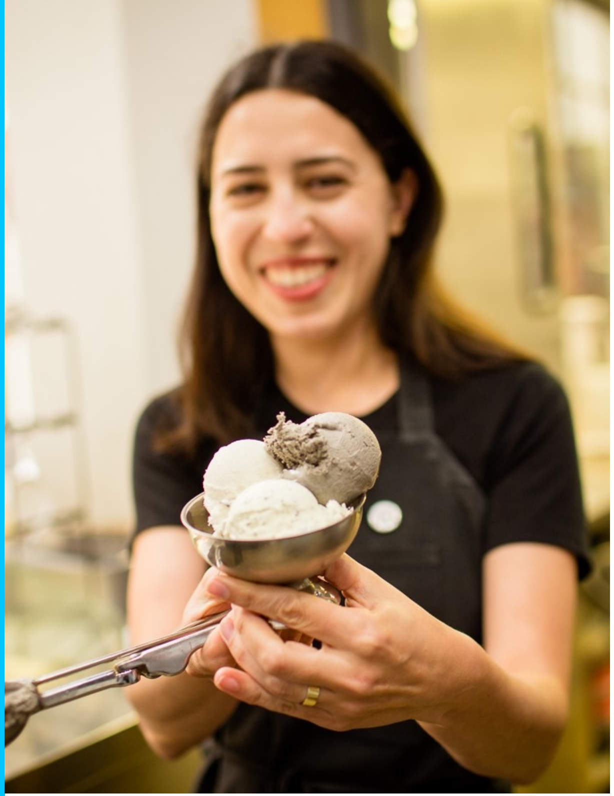
Investment Purpose:	Provide flexibly structured financing to small business owners in underserved communities who would otherwise have difficulty securing financing due to limited business history and other factors, for operations, equipment, and land located/operating in Monterey County.
Total Investment:	$1,000,000 *Grant Support: none*
Origination Date:	December 21, 2018
Maturity Date:	December 20, 2023
Key Terms:	2.5% interest rate Annual interest-only payments Principal due at maturity 5-year term
Security:	Unsecured
Principal Outstanding:	$1,000,000
Repayment Status:	Current
Reporting Status:	Current
Covenant Compliance:	Compliant

ACCION OPPORTUNITY FUND

John Inglis-Arkell
jpinglis@opportunityfund.org

Kevin Monford
Sr. Financial Analyst
kmonford@opportunityfund.org
aofund.org

Accion Opportunity Fund Impact Narrative



Uni Nasibova
Gelataria Uli

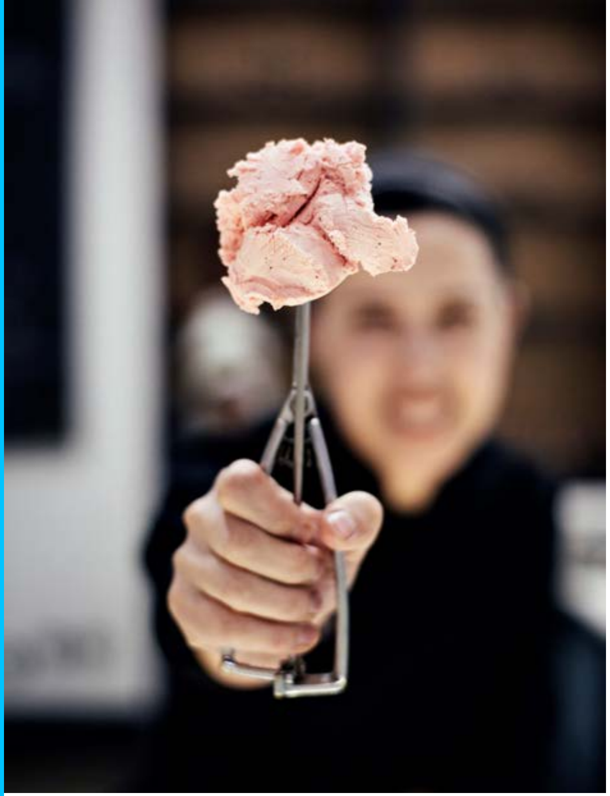
COVID brought her business to a standstill and she got a loan from the AOF collaborative with California Rebuilding Fund, which gave her the time to pivot her business model and design new products to move to an online sales platform. She also benefited from the Doordash Accelerator Program.

Opportunity Fund merged with Accion in January 2020 to form Accion Opportunity Fund (AOF). While COVID-19 has increased the number of struggling and troubled small businesses, AOF also secured the support of local governments, with some increased donor funding as well, to launch new loan products to support these struggling small businesses.

AOF made 3 local loans in the past period, up from 2 loans in 2021 but down from the 34 loans made in 2020, indicating decreased need/ability to take on debt, product fit, or capacity to disburse capital. We expect improved impact trends in 2022 as entrepreneurs restart their businesses or seek capital to expand businesses in ideally more stable economic conditions. Overall AOF continues to serve lower-income, minority business owners and entrepreneurs.

SOCIAL METRICS	*1/1/21- 12/31/21*	*1/1/22 - 6/30/22*
Total $ and # of loans made in Monterey County	$143,430 2 loans	$98,172 3 loans
Jobs Created in Monterey County	0	22
Jobs Retained in Monterey County	2	21
% of borrowers with low-income (at least 80% below the median income)	50%	56%
% borrowers in socially disadvantaged demographic	Not reported	Not reported

Accion Opportunity Fund Financial Review



For the full fiscal year of 2022, AOF lent $113.2 million to 2,422 unique small businesses of which 94% went to BIPOC, LMI or women entrepreneurs. Significant progress has been made in lending to Black borrowers, which grew from 11% of AOF's loan volume in FY21 to more than 24% for the full year in 2022 including a record high 32% in the most recent quarter.

AOF's lending activity this year to small business owners has helped to support more than 3,750 jobs and have an estimated economic impact of more than $160 million to the community. AOF has helped a significant number of the small business owners obtain loan forgiveness from the Small Business Administration. Since June 30, 2021, AOF has helped more than 1,750 borrowers apply for and receive forgiveness on interest payments and full principal on nearly $28 million of loans.

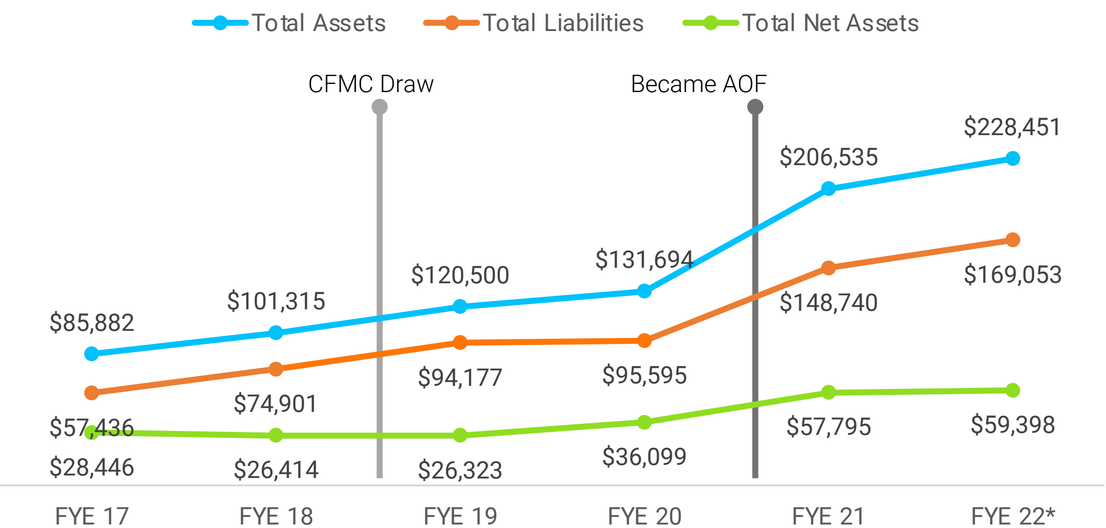
Forward Looking Guidance:

The merger with Accion and Opportunity Fund has resulted in a stronger organization financially but there are operational challenges in the current economic climate. We recommend continuing to monitor the organization's integration and performance.

COVENANTS	*As of 12/31/21*	*As of 6/30/22*
Delinquency Ratio [Delinquent Portfolio (>30days past due) / Total Portfolio] < 10%	1%	1.4%
Liquidity [(Unrestricted Cash and Equivalents / (annual operating expenses – depreciation – loan loss expense))*365] > 70	246 days	268 days
Current Ratio Current Assets / Current Liabilities > 1.5	3.50	2.5
CFMC Loan % Deployed % of CFMC loan to Opportunity Fund deployed in Monterey County	100%	100%

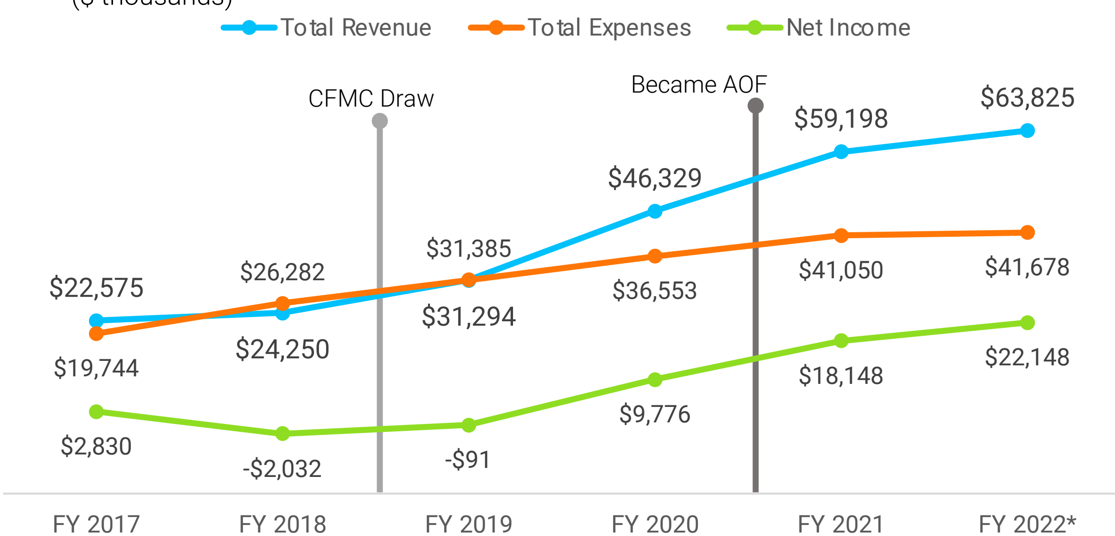
Accion Opportunity Fund Audited Statements Review

Balance Sheet
($ thousands)



*Unaudited

Income Statement
($ thousands)



AOF has continued to strengthen its balance sheet in the wake of the merger between Opportunity Fund and Accion. This most recent period showed decreased assets and increased net assets, driven by a decrease in liabilities. The merger with Accion has strengthened OF's net asset position, giving the organization more flexibility in its operations. While mergers are often challenging, this one appears to have benefited the combined organizations, at least from a balance sheet perspective.

Opportunity Fund had traditionally operated in a very narrow margin, with several years experiencing operating losses. However, after the merger the organization has been consistently improving its net income, with a surplus of $22.1 million in 2022 fiscal year, driven largely by $34 million in contributions and grants, while expenses remained largely flat over the previous fiscal year.

Mission Economic Development Agency Investment Overview

MEDA's mission is to strengthen low- and moderate-income Latino families by promoting economic equity and social justice through asset building and community development.

Investment Purpose:	Mission Economic Development Agency (MEDA) through el Pajaro CDC's Fondo Adelante, provides financing to underserved businesses in Monterey County, who would otherwise have difficulties securing financing.
Total Investment:	\$500,000 (Amended 11/29/21 from \$1,000,000) *Grant Support: \$30,000 COVID-19 relief May 2020 +\$5,000 General Endowment Opportunity Fund \$600,000 James Irving Foundation Entrepreneur TA + \$25,000 Ken & Gundy DuVall Small Business Recovery*
Origination Date:	June 15, 2020
Maturity Date:	June 14, 2026
Key Terms:	2.5% interest rate Quarterly interest payments starting 3/31/21 Principal (+ 1st 6m interest) due at maturity 6-year term
Security:	Unsecured
Principal Outstanding:	\$150,000 – Draw period extended to 12/31/22
Payment Status:	Current – interest to be invoiced in 22Q3
Reporting Status:	Current
Covenant Compliance:	One covenant out of compliance

Elizabeth Dwyer
Director, Fondo Adelante
(415) 282.3334 ext 153
edwyer@medasf.org
medasf.org

Mission Economic Development Agency Impact Narrative

Leticia Andrade
Estetica Unisex Lety's

Estetica Unisex Lety's open its door in 2017 and prides itself in offering fast and affordable haircuts for the City of Salinas residents. Leticia Andrade is the proud owner of this hair salon. Three years after opening, Leticia was suddenly struggling to survive the pandemic. Leticia was awarded $20k from Fondo Adelante and was able to keep her business running.

Since inception, the CFMC loan to MEDA has enabled Fondo Adelante CDFI to lend $188K to six businesses in Monterey County, 100% of which are owned by minority small business owners, five owned by low-income small business owners, and four owned by women. These clients receive high-quality pre-loan and post-loan technical assistance from our partner El Pajaro CDC.

In this reporting period, El Pajaro CDC notified MEDA that they are now licensed lenders: this achieves a major goal of the program. A program which begun in 2020 with the Foundation's support, with the aim to collaborate and mentor El Pajaro CDC as they sought to becoming lenders themselves. As a result, underserved small businesses in Monterey County now have even more loan options.

SOCIAL METRICS	*7/1/21 – 12/31/21*	*1/1/22 – 6/30/22*
Total $ and # of loans made to Monterey borrowers	No new Total: $188k (6)	No new Total: $188k (6)
Number of Monterey jobs retained	6 FTE	6 FTE
Number of Monterey jobs created	0	0
% of borrowers with low-income (at least 80% below the median income)	83%	83%
% borrowers in socially disadvantaged demographic	100%	100%
% of farmers using organic practices	N/A	N/A

Mission Economic Development Agency Financial Review

During the last reporting period, MEDA continued to experience program and organization turnover. Elizabeth Dwyer, the director of Fondo Adelante left the organization in August 2022 and support staff are running the program, while a replacement is recruited.

All loans funded by this credit facility are fully enrolled in the CA State Loan Guarantee Program covering 95% of principle balance (part of its emergency program give to COVID-related loans through at least 6/30/22), and they have raised substantial grant LLR capital covering all current and potential Fondo Adelante loan products, including a $3M LLR grant from JPMC.

The Fondo Adelante program has strong risk mitigants and the potential to produce strong community impact, but the organization has been struggling with staff turnover as well as communication and coordination between MEDA and El Pajaro CDC and therefore has not been able to deploy as much capital as anticipated.

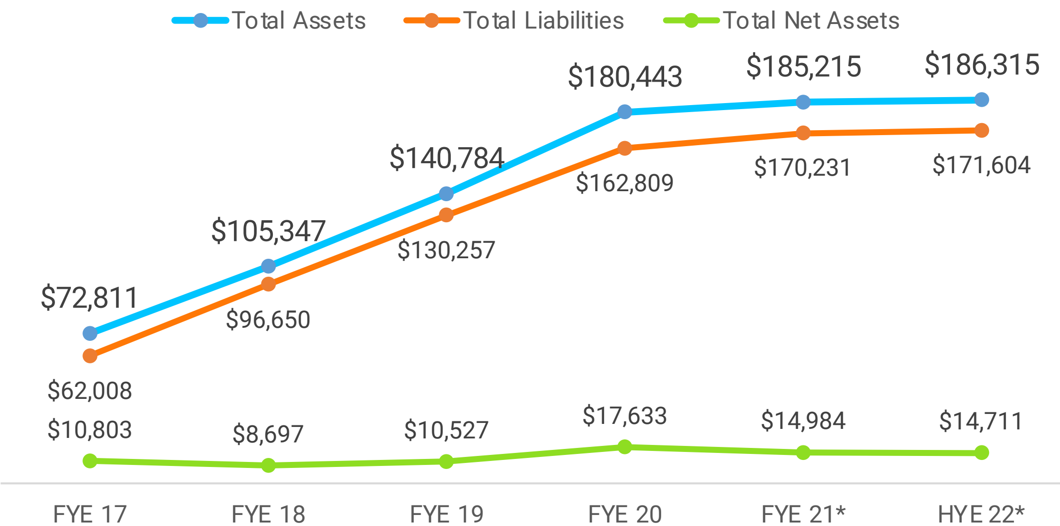
Forward-Looking Guidance:

CCA recommends continuing to monitor MEDA closely as MEDA's financials showed a decrease in revenue combined with an increase in expenses, reflecting a potentially changing business environment. MEDA also made minimal progress in deploying loan capital despite promised efforts to promote the program.

COVENANTS	*As of 12/31/21*	*As of 6/30/22*
Loan Loss Rate (LLR) Annual LLR < 5% of total loan portfolio	0%	0%
Liquidity [(Unrestricted Cash and Equivalents / (annual operating expenses –depreciation))*365] >60	214 days	178 days
Current Ratio Current Assets / Current Liabilities > 1.5	.55	.56
CFMC Loan % Deployed % of CFMC loan to MEDA deployed to businesses in CA and % in Monterey	37.6%* committed (of $500,000)	37.6%* committed (of $500,000)

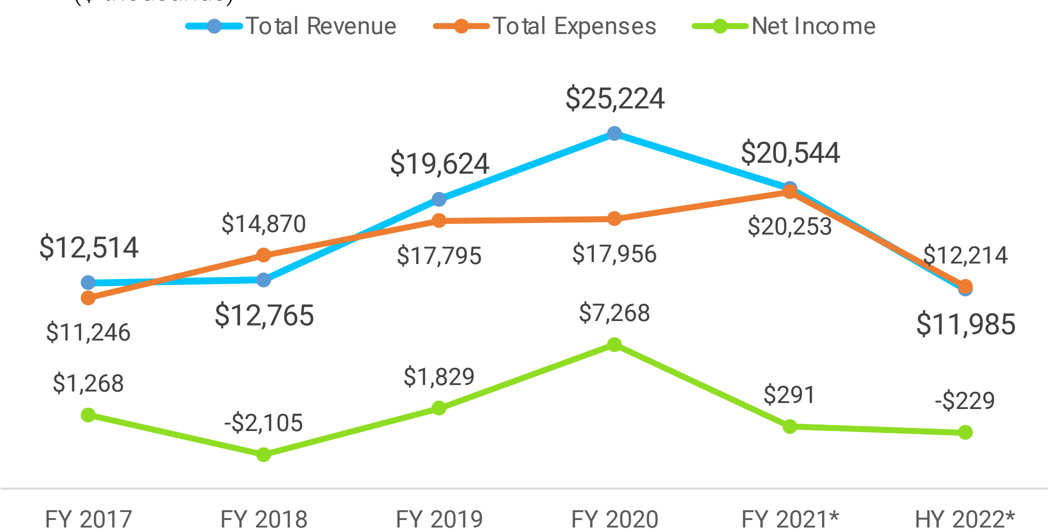
Mission Economic Development Agency
Audited Statements Review

Balance Sheet
($ thousands)



Income Statement
($ thousands)

*Unaudited



Over the past 5 years, MEDA's balance sheet has increased more than 6x and stabilized over the past year. This rise was mostly due to the creation of new affordable housing developments and loan programs. Like most developers, MEDA's growth was fueled by debt, which contributed more than 91% of total assets.

However, a deeper dive will reveal that more than $60m of this debt is forgivable, as long as MEDA and the developments maintain affordability restrictions.

MEDA is reporting a small loss in the first half of 2022, with expenses increasing more than revenues. (note – Half Year income statement numbers represent only half of the fiscal year and show MEDA is relatively on track.) As with previous years, MEDA's statement of activity losses are driven by depreciation expense and deferred interest, which likely will be waived by federal/state/ local government sources.

CHISPA'S mission is to improve people's lives and create healthy neighborhoods by developing, selling, owning and managing affordable homes.

Investment Purpose:	CHISPA (Community Housing Improvement Systems and Planning Association, Inc.) is using the loan to obtain pre-construction architectural and engineering design services and pay other pre-development costs related to the Mills Ranch Apartments, an affordable housing development in King City.
Total Investment:	$250,000 *Grant Support: $50,000 general operating support + $232,809 VIDA program support*
Origination Date:	June 21, 2021
Maturity Date:	June 21, 2026
Key Terms:	2.5% interest rate Quarterly interest payments Principal due at maturity 5-year term
Security:	Unsecured
Principal Outstanding:	$155,040
Payment Status:	Current – interest to be invoiced in 22Q3
Reporting Status:	Current
Covenant Compliance:	Compliant

CHISPA
WE BUILD NEIGHBORHOODS

Andrew Simer
Chief Financial Officer
831.757.6251 ext 136
asmier@chispahousing.org
chispahousing.org

East Garrison Apartments
East Garrison, CA

CHISPA has closed financing and begun construction of its 66-unit apartment complex. The development will provide housing for families earning under 60% Adjusted Median Income for Monterey County. 43 of the 66 apartments will be dedicated to households working in agriculture.

CHISPA (Community Housing Improvement Systems and Planning Association, Inc.) is grateful for the loan as it provides the opportunity to fund soft costs as they prepare to construct the development and create an operating entity to facilitate the creation of affordable housing.

CFMC provided CHISPA with a pre-development loan to cover the costs associated with their Mills Ranch Apartments project (King City). The Housing Trust Silicon Valley has also provided a predevelopment loan of $680,000 at 4.75% maturing June 2024, secured by the deed of trust. So far land was been acquired for the project and pre-development has started accruing architectural and other soft costs. Tax credits have been applied for, determination pending, for this project, minimal soft-costs incurred while development isn't funded. CHISPA expects notice of tax credit availability within 60 days, and if awarded, they will seek a funding source and partner in development. CHISPA is actively reviewing costs and the bidding process with more than 100 subcontractors as material costs continue to rise.

SOCIAL METRICS	*As of 12/31/21*	*As of 6/30/22*
% completion of the Mills Ranch Apartments project	1%	4%
Number of families housed or projected to be housed as a result of the Mills Ranch project	TBD	44 projected

CHISPA
Financial Review

CHISPA is grateful for the support provided by CFMC as it works to develop the Mills Ranch project. CHISPA is actively looking for a new Executive Director, but having a difficult time finding someone with the necessary background willing to move to Salinas. As such, CHISPA is increasing the salary range and broadening the search.

CHISPA reports no material changes to financial position, growth, and opportunity as of 6/30/2022. So approximately 60% the loan has been disbursed as CHISPA incurred certain soft costs of the development. CHISPA will continue to make draws to cover expenses as they are incurred.

CHISPA has a complex financial situation typical of housing developers, with a variety of ownership interest and serving as general partner in a wide range of affordable housing developments. CHISPA has been operating since 1979 and has built a strong balance sheet on its track records of building affordable housing for the community. CHISPA balances a wide range of lenders, donors, and tax credit allocations to build the housing.

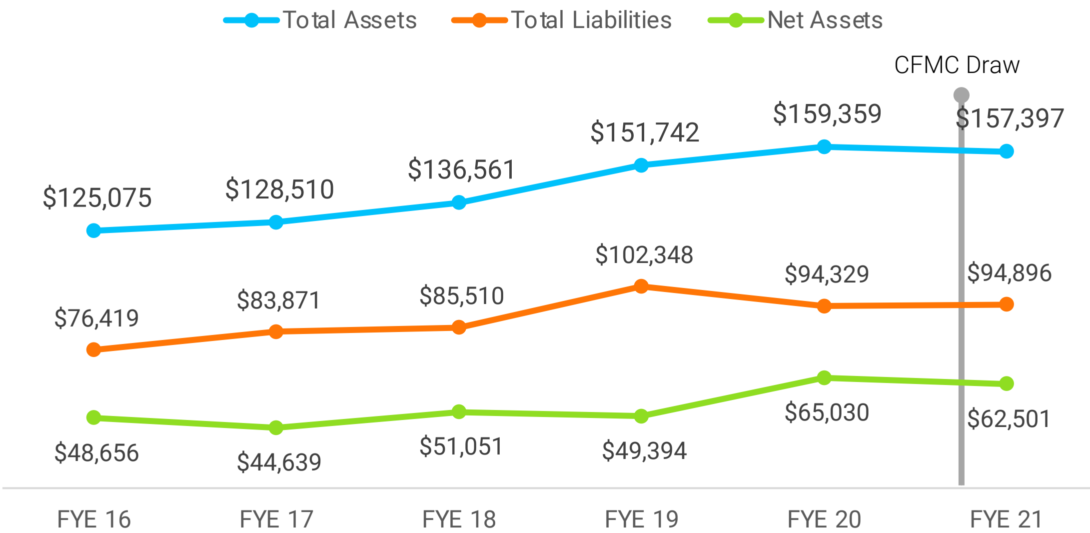
Forward Looking Guidance:

The President and CEO of CHISPA, Alfred Diaz-Infante, passed away last year. While a well-established community organization, we recommend monitoring the organization as it manages this difficult and unexpected transition.

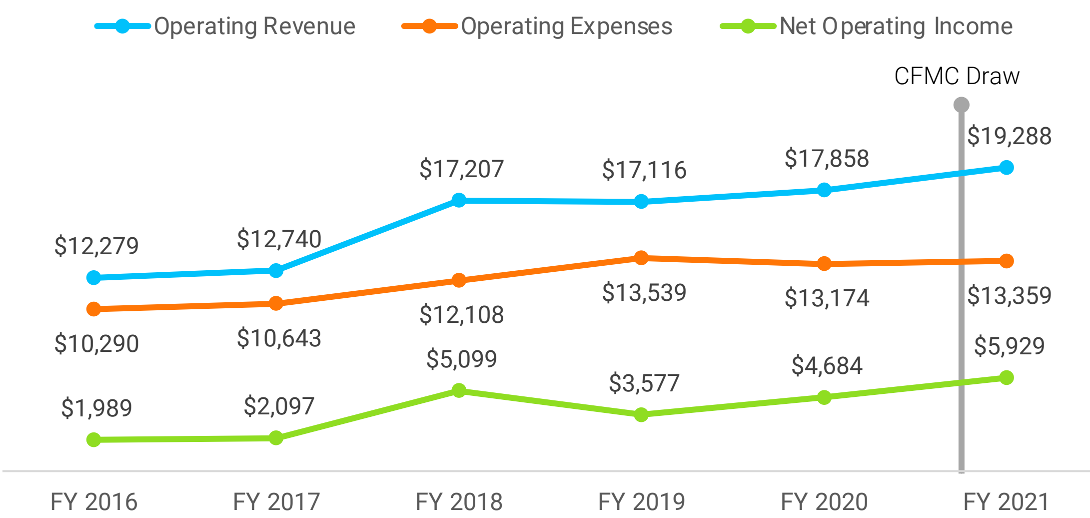
COVENANTS	*As of 12/31/21*	*As of 6/30/22*
Liquidity [(Unrestricted Cash and Equivalents / (annual operating expenses –depreciation))*365] > 90	273 days	353 days
Current Ratio Current Assets / Current Liabilities > 1.5	5.7	5.9

CHISPA
Audited Statements Review

Balance Sheet
($ thousands)



Income Statement
($ thousands)



CHISPA, based on the past 6 years of audited financials (fiscal year-end Sept 30), has been steadily growing its balance sheet while maintaining a healthy net asset balance. CHISPA does not produce consolidated financials on an interim basis so 6/30 numbers are not shown here.

However, CHISPA is maintaining a health cash balance and appears to managing expenses well, with actual expenses less than budgeted for the period.

In general, CHISPA, over the past 6 years, has shown an ability to effectively manage expenses as revenues have steadily grown. Revenues and net operating income has remained fairly stable over the past 4-years. Please note this is net operating income as it is the best representation of financial performance (in this case in particular depreciation, amortization, and other non-cash items can distort the analysis).

United Way for Monterey County Investment Overview

United Way fights for the financial stability of families in Monterey County. Their focus is on Early Care and Education, Affordable Housing, and Asset Building — the building blocks for a good quality of life.

Investment Purpose:	This loan supports the purchase of a building in downtown Salinas to be used as a Community Impact Center. They will consolidate their offices into one location, create a permanent center for community benefit, to lower operating costs and more efficiently meet the community needs.
Total Investment:	$1,000,000 *Grant Support: 532,094 over the past 4-years*
Origination Date:	June 27, 2022
Maturity Date:	June 27, 2027; 5-year extension available
Key Terms:	3.5% interest rate 15 months interest-only; then quarterly payments based on 25-year amortization 5-year term
Security:	Unsecured
Principal Outstanding:	$1,000,000
Repayment Status:	Current (drawn June 27, 2022)
Reporting Status:	Not yet reporting
Covenant Compliance:	Not yet reporting

United Way Monterey County

Katy Castagna
President and CEO
831-372-8026 ex 1990
Katy.Castagna@unitedwaymcca.org
unitedwaymcca.org

United Way for Monterey County Impact Narrative

Stuff the Bus

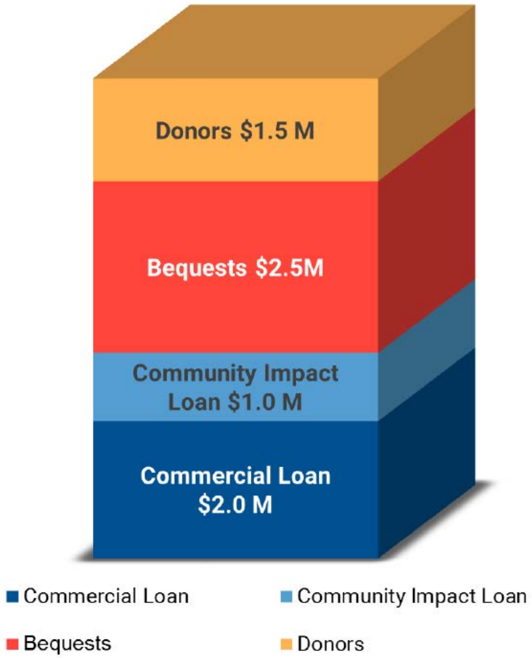
The annual Stuff the Bus program provides backpacks with new school supplies for students experiencing homelessness. Last year Stuff the Bus provided 4,040 backpacks for Monterey local students. There are nearly 10,000 students living in homeless conditions in Monterey County.

United Way for Monterey County operates in an area that recognizes the following context: in Monterey County, one in three households do not earn sufficient income to meet basic needs, such as housing, child care, food, transportation, or health care. High housing costs are a major challenge: 42% of all households in the county spend more than 30% of their income on housing. 65% of households with children under six years of age financially struggle, a rate much greater than that of the rest of the country.

United Way for Monterey County operates a variety of program aiming to address these challenges by focusing on early care and education, housing stability, and asset building. In order to further these programmatic aims, UWMC is seeking to acquire a new facility to consolidate their operations, run their programs, collaborate with local nonprofits, and better serve the community.

SOCIAL METRICS (to be confirmed)	*As of 12/31/21*	*As of 6/30/22*
# mission-aligned nonprofits housed/with offices at the building	N/A	Not yet reporting
# of events held in building during the reporting period	N/A	Not yet reporting
# of volunteers engaged to support programs during the reporting period	N/A	Not yet reporting
# of people served in the building during the reporting period	N/A	Not yet reporting

$7 M Capital Campaign Goal



Forward Looking Guidance:

The efforts of United Way for Monterey County to secure this new facility is a big step for the organization, especially in what is a more dynamic economic environment and merits close attention as they navigate this new venture.

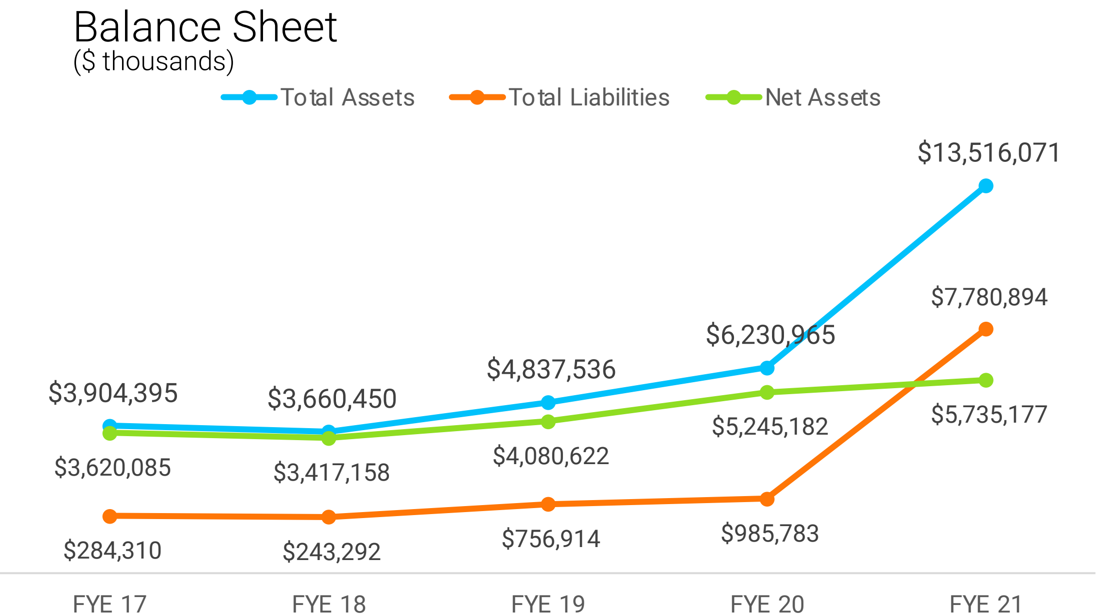
UWMC has a vision to build a Community Impact Center to support greater collaboration between United Way and local nonprofits to drive solutions and better serve the needs of those in the County.

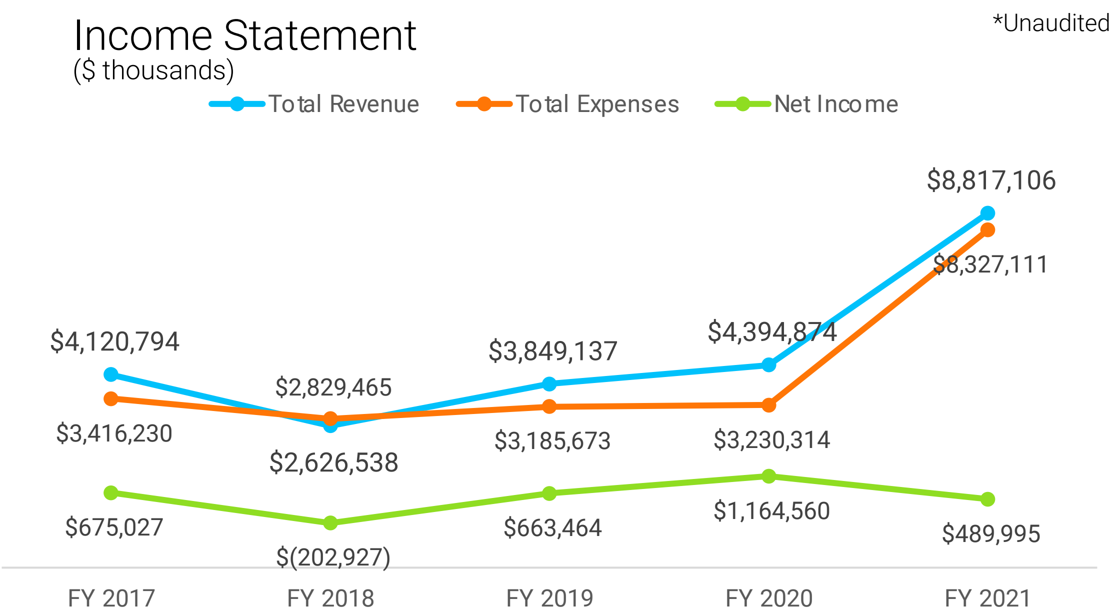
UMWC identified a building in Salinas and has moved to purchase it. The cost would be $7 million ($6.1 million to acquire and $0.9 million for fees, operating reserve, and furniture and equipment). UWMC has secured $2 million loan from 1st Capital Bank, $1 million from CFMC, $2.5 million from previous bequests, and has successfully received commitments for an additional $1.5 million from foundations, corporations, and individual donors – offering room naming rights and commemoration on a wall as a means to thank various donors.

We will seek to confirm all commitments have been received in the next reporting cycle and confirm final numbers for the project.

COVENANTS	*As of 12/31/21*	*As of 6/30/22*
Combined Loan to Value Ratio Total of all loan secured by or otherwise related to the Main St. property, including the CFMC loans, shall not exceed a loan to value ratio of 65%	N/A	Not yet reporting
Liquidity [(Unrestricted Cash and Equivalents / (annual operating expenses – depreciation))*365] > 90	N/A	Not yet reporting
Current Ratio Current Assets / Current Liabilities > 1.5	N/A	Not yet reporting
Debt Service Coverage Ratio Borrower will comply with all covenants of 1st Capital Loan and maintain DSC > 1.3	N/A	Not yet reporting

United Way for Monterey County Audited Statements Review





United Way for Monterey has a fairly stable operating history based on the last five years of audited financials. In 2021 the organization show an abnormal spike in assets and liabilities driven by a $7.1 million refundable advance per a contractual agreement with the County of Monterey, related to the Monterey County Emergency Rental Assistance Program.

United Way for Monterey County also experienced increased revenue and expenses, also driven by the emergency rent and utility assistance grants program revenues and expenses.

Without the affects of this rental assistance program, it appears that the UWMC financials have remained largely stable over the past five years, with some ups and downs in net income, indicating some relatively normal, for smaller nonprofits, challenges in budgeting and financial management.

Appendix

Risk Rating Index

Scale: 1 Strong 2 Good 3 Fair 4 Weak 5 Poor

1

Financial Strength	Management and BOD Strength	Organizational Capacity	Position within Field
Current Ratio > 1.5 Strong cash reserve > 10 weeks Debt/Net Asset < 3.0x % of loan portfolio in default <4% Loan loss reserve/Loan Portfolio >10% Strong revenue growth in foreseeable future Diverse revenue streams Net profits every year Revenue growth of >5% in past 4 years Easily able to access commercial debt	Strong, sophisticated, and engaged BOD Senior management holds strong level of commitment, education, experience, and leadership Management and employees viewed by industry peers as highly competent BOD with diverse range of experience and skills that provide added-value to the organization Strong financial commitment from BOD	Able to produce accurate company prepared YTD financial statements Has had CPA-prepared unqualified audits on a yearly basis for many years Able to produce projections and other budgetary tools If organization is a current borrower, they send payments in a timely and accurate manner. Strong, proactive finance team. Diverse products, including NMTC and/or other off balance sheet products	Demonstrates programmatic excellence Strong sector growth Organization recognized on a national/regional level Demand for services continues to grow. High level of loyalty from end users. Received CDFI award in past 3 years

Risk Rating Index

Scale: 1 Strong 2 Good 3 Fair 4 Weak 5 Poor

2	Financial Strength	Management and BOD Strength	Organizational Capacity	Position within Field
	Current Ratio > 1.5 10 week cash reserve Debt/Net Asset < 4.0x % of loan portfolio in default <5% Loan loss reserve/Loan Portfolio >8-10% Revenue growth 5% Net Assets / Total (Operating Expenses - Depreciation) >1.5 Net profit 3 out of last 4 years Able to access commercial debt at a reasonable rate.	Strong and fairly sophisticated BOD Minimal level of turnover at BOD, Senior Management and staff BOD with diverse range of experience and skills that provide added-value to the organization	Has had CPA-prepared unqualified audits in recent years Strong financial team Reviewed historical financial statements If organization is a current borrower, they send payments in a timely and accurate manner. Diverse products	Demonstrates good programmatic outcomes Moderate sector growth Strong market share within geographic region Demand for services continues to grow. Strong level of loyalty from end users. CDFI award in past 5 years

Risk Rating Index

Scale: 1 Strong 2 Good 3 Fair 4 Weak 5 Poor

3	Financial Strength	Management and BOD Strength	Organizational Capacity	Position within Field
	Current Ratio < 1.5 Cash reserve of 5-10 weeks Debt/Net Asset < 5.0x % of loan portfolio in default 6-8% Loan loss reserve/Loan Portfolio 6-8% Stagnant growth in revenue Fluctuation in net losses and profits Unable to access commercial debt at a reasonable rate.	Average staff turnover; minimal Senior Management turnover BOD engaged, but not as sophisticated. BOD attempts to make up for lack of sophistication through eagerness to learn and continued Board Development	Prepares qualified audits or reviewed financial statements Fairly strong to average financial team If organization is a current borrower, they typically send payments in a timely and accurate manner. Products are limited	Demonstrates a fair level of programmatic outcomes Average reputation Average sector growth Medium market share within their geographic region Demand for services is moderate. Medium level of loyalty from end users. CDFI award (or other significant award) in the past 10 years

Risk Rating Index

Scale: 1 Strong 2 Good 3 Fair 4 Weak 5 Poor

4

Financial Strength

- 2-4 week cash reserves
- Debt/Net Asset < 6.0x
- % of loan portfolio in default 8-10%
- Loan loss reserve/Loan Portfolio 4-6%
- Net Assets / Total (Operating Expenses - Depreciation) >0.75
- Declining revenue, rising expenses
- Consistent Net losses
- Unable to access commercial debt.

Management and BOD Strength

- BOD turnover or other issues
- Some senior management turnover
- Weak financial commitment from BOD
- BOD is not mature and/or may not have strong skill sets

Organizational Capacity

- Prepares 990's or compiled statements
- Unable to produce company prepared YTD financials
- Weak financial team
- If organization is a current borrower, they typically send payments in late or inaccurately.
- Organization has limited products

Position within Field

- Demonstrates weak programmatic outcomes
- Unclear or mediocre history
- Sector/field diminishing
- Declining market share within their geographic region
- Demand for services is declining.
- Low level of loyalty from end users.
- No awards

Risk Rating Index

Scale: 1 Strong 2 Good 3 Fair 4 Weak 5 Poor

5

Financial Strength	Management and BOD Strength	Organizational Capacity	Position within Field
Concentrated revenue streams Historical net losses Debt/Net Asset > 7.0x % of loan portfolio in default 10+% Loan loss reserve/Loan Portfolio <4% No cash reserves – possible deficit Debt/Net Asset Ratio >2.5 Net Assets / Total (Operating Expenses - Depreciation) <0.75 New Organization unable to access commercial debt.	Unsophisticated and unengaged Board of Directors Weak or no financial commitment from BOD BOD turnover and other possible problems at the Board level Frequent turnover at senior management level Minimal level of diversity Frequent turnover at staff level.	Unable to produce company prepared financial statements Very weak or no financial team If organization is a current borrower, they typically send payments in late or inaccurately. Organization has one product or multiple products with low interest level.	Demonstrates poor programmatic outcomes Organization with no history Bad reputation within field Dropping market share within their geographic region Demand for services continues to drop. Low level of loyalty from end users. No awards