



SOUTH CAROLINA
Community Loan Fund

2020 ANNUAL REPORT

Investing in Community



LETTER FROM CEO & BOARD CHAIR

Dear Friends:

This year underscored the vital importance of the projects we finance. Sheltering in place is easier in safe and affordable housing. Healthy food retailers have been deemed essential and the people they employ have been called heroes. Small businesses are the bedrock of local economies. Access to child and eldercare, healthcare, and educational facilities remains a vital component to pandemic recovery.

The projects we finance are the foundation of thriving communities, but the true impact is created by the people behind them- our borrowers. In 2020, we had the honor of working with new borrowers who pressed forward despite so much new uncertainty and enduring inequity. We also were able to serve borrowers whose resourcefulness and tenacity kept them going even as many were not able to access early rounds of federal COVID relief funds.

Building a more equitable South Carolina will not include a return to normal. "Normal" allowed COVID-19 and the economic crisis to have a disproportionate impact on people of color. A just economic recovery must include everyone, especially our neighbors who have endured generations of systemic oppression. Community development financial institutions like SCCLF are made for this moment and we are prepared to face the challenges that will linger long after 2020 has ended, but we can not do it alone.

Your support allowed us to respond to an unimaginable crisis in 2020, and even expand our programs. As the demand for capital grows across the state, so does our need for investments. And as you will see in the pages to follow, the investments you make with SCCLF have measurable returns and immeasurable impact. Thank you for investing in us, our borrowers, and our communities.

In partnership,



Anna Lewin
Chief Executive Officer



Thomas Anderson
Board Chair

2020 IMPACT



\$80.4
Million in Project
Development



\$10.5
Million in financing



53%
Loans to Female
Borrowers



65%
Loans to People
of Color



COVID-19 RESPONSE

It quickly became apparent in spring 2020 that coronavirus containment measures would profoundly affect South Carolina's economy, and that low-income and communities of color would be disproportionately impacted. CDFIs needed to assume the role of financial first responders and meet borrowers' needs while remaining financially solvent. Even as the economy buckled under the uncertainty, we were encouraged by the tenacity of our borrowers and the unwavering support of investors and funders.

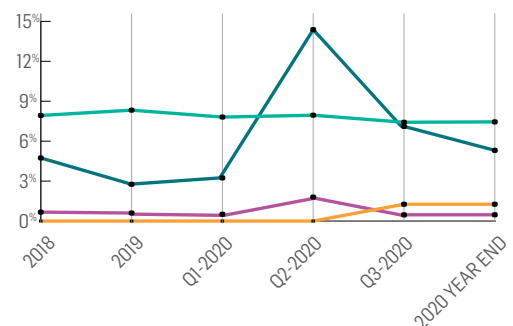
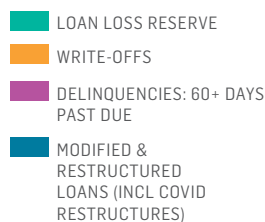
SCCLF'S CORONAVIRUS RESPONSE

- **MARCH 13** — SC Governor declares state of emergency
- **MARCH 16** — loan officers begin contacting SCCLF borrowers
- **MARCH 16** — SCCLF begins contacting investors and funders
- **MARCH 18** — revised budget scenarios determine SCCLF's capacity to absorb loan modifications
- **MARCH 25** — interest only and forbearance information sent to SCCLF borrowers
- **MARCH 27** — CARES Act signed into law, PPP eligibility excludes many vulnerable businesses
- **APRIL 8** — SCCLF commits to creating COVID-19 working capital program
- **APRIL 28** — working capital loan program launched for SCCLF borrowers
- **MAY 5** — working capital loan program opened to the public

PORTFOLIO MANAGEMENT

Despite a year of unprecedented hardship and volatility, SCCLF remains a sound financial investment. In 2020, we maintained robust reserves, had few write-offs, and maintained a low delinquency rate. While there were many restructures and modifications as part of our coronavirus response, most were resolved by the end of the year.

PORTFOLIO PERFORMANCE AS % OF LOANS OUTSTANDING \$4,012,278 TOTAL



See Financials section for numerical presentation of above data.

BORROWER IMPACT SURVEY

We surveyed our borrowers in March 2020 to better understand how coronavirus may impact their operations, and how we could help.

75%

of borrowers reported having 3 months or less working capital on hand

58%

had already experienced negative impacts from Covid-19

79%

expected to be impacted in the future

TECHNICAL ASSISTANCE

SCCLF's two small business development programs, **LEAP** and **Feeding Innovation**, doubled their capacity in 2020, thanks to support from funders who understand the need for intensive technical assistance. LEAP supports minority and women-owned businesses while Feeding Innovation develops healthy food entrepreneurs and both programs are intensive multi-week courses that culminate in participants competing for seed capital awards. Both programs hosted two cohorts in 2020 and offered increased seed capital awards to the Pitch Night winners. It was critical to invest in SC's small business owners during a year in which small businesses owned by women and people of color endured disproportionate economic hardship. Through 2020, our programs hosted 56 small business owners, who completed 37 business plans. A total of \$130,000 was awarded to businesses across the state.

PROGRAM SPOTLIGHT: THE FINICKY BEAN

LEAP Barnwell took place in spring of 2020 and culminated in June. The cohort's winners were Nate Hartley and Mae Stoney-Hartley of the Finicky Bean, a mobile gourmet coffee shop serving the Allendale community. They used the \$20,000 seed capital award to purchase The Finicky Bean's trailer and hosted a grand opening in November. At the conclusion of LEAP Barnwell, the Hartleys said they are looking forward to enhancing Allendale's economy, and have the goal of one day opening a brick-and-mortar coffeeshop.



2020 PROGRAMS WINNERS

FEEDING INNOVATION BLUFFTON:

LadyBelle Farm Market | Lobeco, SC

LEAP BARNWELL:

The Finicky Bean | Allendale, SC

FEEDING INNOVATION COLUMBIA:

Lighthouse Hydromarts | Moncks Corner, SC

Fable Farms | Winnsboro, SC

Community Hut Healthy Living Market |
Columbia, SC

LEAP CYCLE 2:

Wicks + Scents | Orangeburg, SC

Delta 4 Security | Barnwell, SC

Tattle Tales Speech and Language Therapy |
Rock Hill, SC



"Allendale is long overdue for something to bring our community together," said Nathaniel Hartley. "The Finicky Bean is it."

Read the full borrower success stories in our digital annual report at sccommunityloanfund.org/annualreport

LENDING

In 2020, SCCLF's loans met a spectrum of needs from working capital for small businesses navigating the effects of a pandemic to multimillion dollar bridge loans for New Markets Tax Credits projects. The common thread running through each loan is a borrower with the determination to endure or expand so they can continue serving their communities.



BLOOM BEHAVIORAL THERAPY

\$1,000,000

GREENVILLE COUNTY SMALL BUSINESS

Therapy offered Madeline Hawkins a sense of stability during a difficult period in her childhood, influencing her career and ultimately her decision to open her own practice in Greenville. Madeline's practice, Bloom Behavioral Therapy, specializes in Parent-Child Interactive Therapy (PCIT). In these sessions, therapists work with parents to coach them through interactions with their children, which addresses behavioral problems and promotes positive parenting. Bloom Behavioral Therapy is the only practice in Upstate South Carolina offering PCIT and has a six-month waitlist while fielding daily inquiries from families in need.

Madeline needed to expand Bloom's facility to serve the number of families on the waitlist, but as the owner of a new business, she was encouraged to wait. She knew how many Upstate families needed her services and worked with SCCLF to finance the construction of a new facility. Bloom Behavioral Therapy's expansion will create new jobs in the Upstate while greatly expanding the organization's capacity to support families.



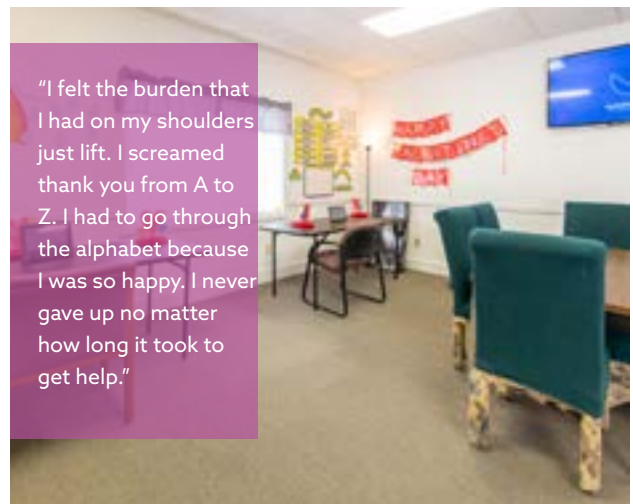
DILLON ADULT DAYCARE

\$95,000

DILLON COUNTY COMMUNITY FACILITY

A bright red "For Sale" sign sits in front of the building that served as home for Mary Johns' business, Dillon Adult Daycare, for the past 19 years. She was unaware the owner was selling the property and wondered if she would face eviction from new owners. Dillon Adult Daycare is the only adult daycare in the community, and eviction would mean families had no options for their loved ones' care during the day. Mary knew she could continue to meet her community's needs and even expand to accommodate families on her growing waiting list, but she needed to lease a larger, updated space.

"I did some of everything to get help and no one would help me," she said. "I asked everyone I knew to ask, and they all said no. The only people who said anything different was South Carolina Community Loan Fund." Mary secured financing that allowed her to move to a larger space and more than double her capacity to provide quality elder care.





SHRIMP AND GRITS CAFE

\$270,000

CHARLESTON COUNTY SMALL BUSINESS

Chef Carlos Brown's enthusiasm for crafting Gullah-inspired dishes from the heart is the result of spending his childhood inside of the Charleston kitchens of his mother and grandmother. Watching the women in his family express love through food inspired the Chef to pursue a culinary career that highlights the importance of hospitality and community. Chef Carlos Brown has a culinary career spanning over 25 years, and decided to open his first restaurant in Charleston. Chef Carlos opened at the Citadel Mall with a vision of reimagining what food court menus could offer.

Shrimp and Grits Café's grand opening took place in the fall of 2020, following securing a small business loan from SCCLF. Chef Carlos' restaurant, like so many other Black-owned businesses in South Carolina, is creating job opportunities and spurring economic activity while preserving and celebrating the culinary and cultural traditions of the Gullah community.



"I come from a family of chefs. Although my Mom and Grandma didn't go to culinary school, I considered them both to be chefs," said Chef Carlos. "I dedicate this restaurant to them."



COMMUNITY FIRST LAND TRUST

\$288,572

CHARLESTON COUNTY AFFORDABLE HOUSING

Community First Land Trust is a nonprofit committed to bringing much-needed affordable housing to Charleston neighborhoods. Community First Land Trust aims to prevent gentrification, permanently preserve housing affordability, and ensure community sustainability in Accabee, Chicora/Cherokee, Five Mile, Howard Heights, Liberty Hill, Union Heights, and Windsor.

SCCLF's long history of affordable housing development has included partnering with municipalities, for profit, and nonprofit developers, but the loan to CFLT is the first partnership of this kind. Land trusts are unique in that land acquired by a community land trust (CLT) is never resold. It is retained by the CLT and held in trust for the community, while the homes on the land are owned by their residents.

This loan will finance the construction of two three-bedroom, two-bath homes in the Union Heights area of North Charleston and begin creating housing that is decent, affordable, and controlled by residents on a long-term basis.



"We believed SCCLF would be a great partner on this project because of the organization's history of providing support to projects like these."
-Henrietta Woodward,
Community First Land Trust
Executive Director



NEW MARKETS TAX CREDITS

The New Markets Tax Credit (NMTC) Program was designed to increase the flow of private sector capital to businesses, nonprofits, community facilities, and other important projects in communities suffering from a lack of investment. NMTCs are allocated to community development entities with a proven record of successfully deploying capital and financing large scale projects. SCCLF's first NMTC allocation was awarded in 2019, and the entire \$20MM allocation was successfully deployed in 2020. SCCLF was the only SC-based allocatee in 2020 and will deploy its \$15MM allocation into financing projects that spur economic activity, create jobs, and catalyze future investments in their surrounding communities.

PROJECT	ALLOCATION	COUNTY
TK Gregg Community Center*	\$5,000,000	Spartanburg
Fairfield County Government Complex	\$12,000,000	Fairfield
International African American Museum	\$3,000,000	Charleston

**allocation deployed in 2019*



PROJECT PROFILE

FAIRFIELD COUNTY GOVERNMENT COMPLEX

\$12MM NMTC ALLOCATION
\$2.5MM BRIDGE LOAN

The historic building that was once home to Mount Zion Institute in Winnsboro, SC sat unused and in disrepair. At the same time, Fairfield County Government was outgrowing their current facility and needed a larger, upgraded facility. It became apparent that by using historic building tax credits and New Market Tax Credits, Mount Zion Institute could be given new life as a municipal complex. As with many large-scale projects, building the capital stack needed to finance construction requires flexibility. As a NMTC allocatee and lender, SCCLF was able to participate in the project by providing tax credits in addition to bridge and permanent financing.

The Fairfield County Municipal Complex will boost economic activity in downtown Winnsboro, and host multiple public services and amenities. The facility will feature a theater, recreation facilities, afterschool enrichment programs, and be home to county services including the 911 call center and Sheriff's Department. The renovations are expected to be completed in late 2021, and this historic building will once again serve residents of Winnsboro and greater Fairfield County for years to come.



FINANCIALS

STATEMENT OF FINANCIAL POSITION:

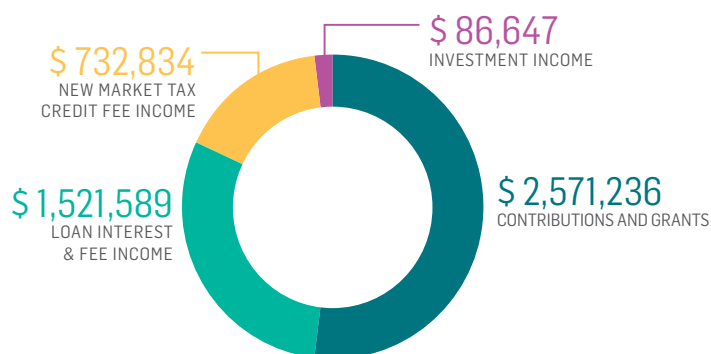
	2020	2019
ASSETS		
Lending & Operating Cash	\$3,371,453	\$7,078,821
Investor & Operating Reserves	\$3,580,533	\$2,006,344
Loans Receivable	\$23,852,180	\$18,719,916
Allowance for Loan Losses	\$(1,777,587)	\$(1,560,067)
Non-Recourse Note Receivable	\$6,200,000	\$6,200,000
Other Assets	\$1,191,960	\$1,013,616
Total Assets	\$36,418,539	\$33,458,630
LIABILITIES & NET ASSETS		
PRI, EQ2, and Other Investments	\$20,985,674	\$19,544,688
Non-Recourse Note Payable	\$6,200,000	\$6,200,000
Other Liabilities	\$279,018	\$141,102
Total Liabilities	\$27,464,692	\$25,885,790
NET ASSETS		
Net Assets without Donor Restrictions	\$8,355,296	\$6,034,691
Net Assets with Donor Restrictions	\$598,551	\$1,538,149
Total Net Assets	\$8,953,847	\$7,572,840
Total Liabilities & Net Assets	\$36,418,539	\$33,458,630

KEY FINANCIAL METRICS:

Net Assets / Total Assets	29.63%
Loan Loss Reserves	7.45%
Self Sufficiency	66%

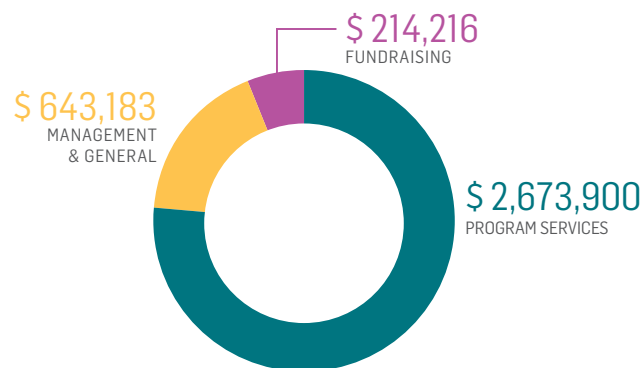
REVENUES & SUPPORT

\$4,912,306 TOTAL



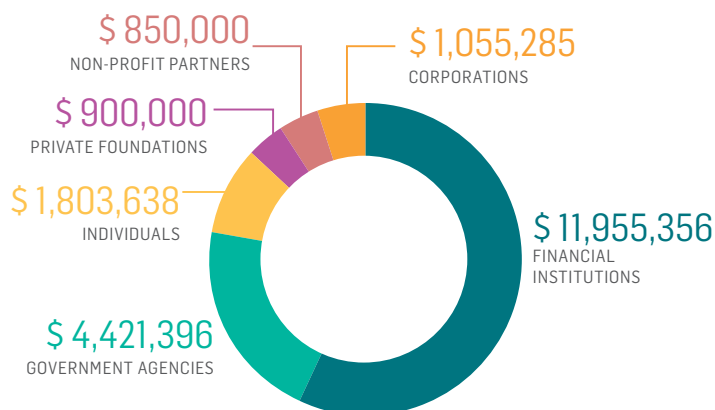
EXPENSES

\$3,531,299 TOTAL

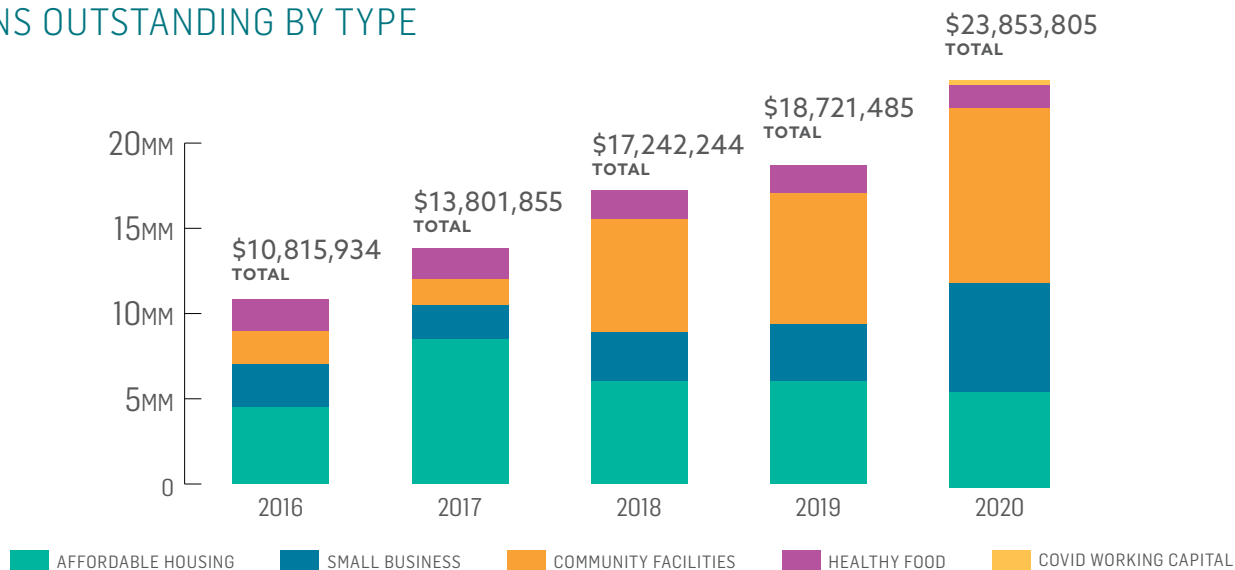


REVOLVING LOAN FUND INVESTORS

\$20,988,065.39 TOTAL



LOANS OUTSTANDING BY TYPE



PORTFOLIO PERFORMANCE

AS % OF TOTAL LOANS OUTSTANDING

	2018	2019	Q1-2020	Q2-2020	Q3-2020	2020 YEAR END
Loan Loss Reserve	7.93%	8.33%	7.81%	7.95%	7.42%	7.45%
Write-Offs	0.00%	0.00%	0.00%	0.00%	1.26%	1.26%
Delinquencies: 60+ Days Past Due	0.67%	0.60%	0.51%	1.80%	0.47%	0.47%
Modified & Restructured Loans	4.74%	2.76%	3.24%	14.38%	7.11%	5.31%

(Incl COVID Restructures)

Elliott Davis Decosimo, LLC audited the financial statements for the fiscal year ending December 31, 2020 in accordance with generally accepted accounting principles and expressed an unqualified opinion. The audit was approved by the Board of Directors and is available on our website, sccommunityloanfund.org.



SOUTH CAROLINA Community Loan Fund

Investing in Community

CHARLESTON OFFICE

1051-A Gardner Road
Charleston, SC 29407

SPARTANBURG OFFICE

1218 John B. White Sr. Blvd
Unit I
Spartanburg, SC 29306

COLUMBIA OFFICE

3710 Landmark Drive
Suite 100
Columbia, SC 29204

STAFF

Anna Lewin, Chief Executive Officer
Brendan Buttimer, Community Development Loan Officer (Upstate)
Chrissy Schoenberg, Operations Manager
Dawn Deck, Investments and Grants Manager
Demetria Mosley, Communications Coordinator
Holly Shinn, Communications Director
James Chatfield, Chief Lending Officer
Joseph Dukes, Community Development Loan Officer (Coastal)
Kelly Sharkey, Program Manager
Kendra Simmons, Data and Analytics Manager
Leigh Ann Shelton, Chief Financial Officer
Majda Cisic, Staff Accountant
Sedeyia Bellamy, Community Development Loan Officer (Midlands)
Shelley Hough, Portfolio Manager
Victoria Haugen, Chief Strategy Officer
Zan Zettler, Credit Officer

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Robert Johnston, The InterTech Group, Inc.
Torrey Rush, Osmium Development Group
Zach Bearden, Origin Development Partners, LLC

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