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Invest With Us

NCIFund offers investors the opportunity to earn a return while backing companies that create jobs and benefit the environment in distressed communities. By growing our pool of capital, investors can help mission-driven entrepreneurs achieve economic and environmental success.

NCIFund has invested more than \$60 million in over 300 businesses, farms and nonprofit enterprises while maintaining low loss rates. We credit this success to our rigorous underwriting process and the business advisory services we provide to our borrowers. We maintain a ★★A+ rating from AERIS, a third-party rating agency for community development financial institutions. To inquire about investments in Natural Capital Investment Fund, contact Marten Jenkins, CEO, at 304-870-2207 or mjenkins@conservationfund.org.

2018 Funders and Investors

**Loans / Capital Grants:**  
Appalachian Community Capital  
Appalachian Regional Commission  
Capital Bank  
Clients of Fresh Pond Capital  
Clients of Loring, Wolcott & Coolidge Trust LLC  
Clients of Reynders, McVeigh Capital Management LLC  
Eastern West Virginia Community Foundation  
Golden LEAF Foundation  
Hugh I. Shott Jr. Foundation  
Mary Reynolds Babcock Foundation  
McKnight Foundation  
Mercy Partnership Fund  
New Vision Investments LLC  
Northern Trust  
Seton Enablement Fund  
United Bank  
U.S. Department of the Treasury CDFI Fund  
USDA Rural Business-Cooperative Service  
Intermediary Relending Program

**Operating Grants:**  
Appalachian Regional Commission  
BB&T CRA/Community Development  
BB&T West Virginia Foundation  
Central Appalachian Network  
Claude Worthington Benedum Foundation  
Educational Foundation of America  
Gat Creek  
Huntington National Bank  
Just Transition Fund at Rockefeller Family Fund  
Mary Reynolds Babcock Foundation  
NCIFund Board, Friends & Families  
North Carolina Tobacco Trust Fund Commission  
One Foundation  
United Bank  
U.S. Department of Agriculture Rural Development  
Wells Fargo Foundation  
Wells Fargo Diverse Community Capital Program  
Woodforest National Bank

NCIFund

Natural Capital Investment Fund

Partnering for Impact 2018



ncifund.org

AERIS  
RATED  
★★★ A+  
POLICY PLUS



A member of  
OPPORTUNITY FINANCE  
NETWORK

THE  
CONSERVATION FUND

NCIFund

Natural Capital Investment Fund

Founded in 2001, NCIFund is a business loan fund certified by the U.S. Treasury as a Community Development Financial Institution (CDFI). NCIFund has been recognized under the Internal Revenue Code as a supporting organization to The Conservation Fund. The Conservation Fund is a 501(c)(3) organization that is dedicated to protecting land, water and cultural resources throughout the United States. The Conservation Fund works directly with governmental, nonprofit and other entities to find innovative conservation solutions that make economic sense and integrate economic development and environmental protection.

1098 Turner Road | Shepherdstown, West Virginia 25443 | 304-876-2815  
ncifund.org



# Partnering for Resilient Local Communities

Individuals and communities from the southern West Virginia coalfields to the coastal plain of North Carolina are struggling to find their footing as economic upheaval adversely impacts their livelihoods and future. Simply put, rural communities are being left behind.

In this shifting economic landscape, Natural Capital Investment Fund’s support for green small businesses and vital community services across Central Appalachia and the Southeast is more critical than ever. We’re providing the smart, transformational capital and assistance that enterprising individuals can marshal to address these challenges—one business at a time. We invite you to read their stories throughout this report.

You’ll also read about our recently launched **strategic initiatives**, which pair **innovative capital** with targeted **business advisory services** to “double down” for added impact in coal-affected communities. We believe capital alone is not enough; to make capital “stick,” we devote resources to assisting entrepreneurs so they can make the best possible use of our loans.

We can’t do this work alone. We rely on a wide range of **partners** (*whose names are italicized throughout this report*) to supplement our leadership with their advisory services, funding and sector knowledge. This report documents how together we’re helping grow enterprises that are building healthy local food systems; creating wealth for women and people of color; forging a just transition in coal country; and finding energy and value in waste streams.

We’re grateful for our **financial partners**—the impact investors, foundations and lending institutions who support NCIFund’s efforts. We welcome you to join them and invest in our work.

Marten Jenkins, CEO



Since 2001, we’ve invested **\$59.1** million in 392 loans to 301 businesses and nonprofits.



In 2018, we provided **4,058** hours of assistance to **510** businesses and farms.



In 2018, **55%** of our loans went to women and entrepreneurs of color.



Since 2001, **5,368** jobs have been created and retained.

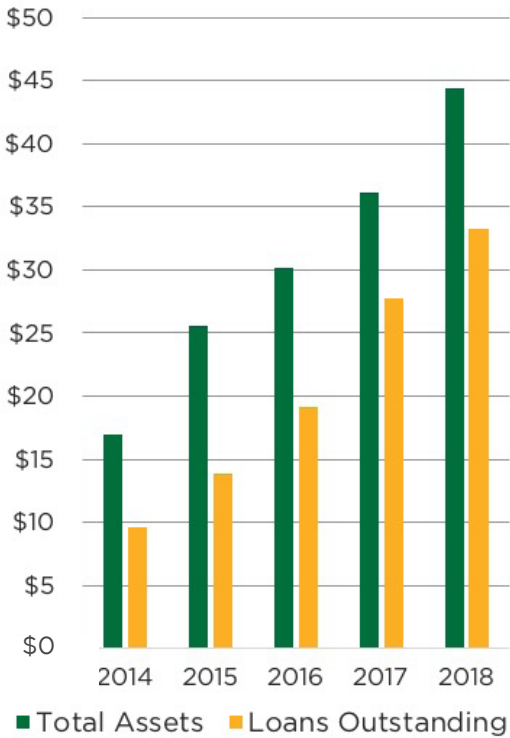


In 2018, **75%** of our loans supported businesses in economically distressed communities.



In 2018, **69%** of our loans supported rural businesses.

## Growing Impact (in millions)



# Finding Energy and Value in Waste

Fundamental to a greener economy is a “cradle to cradle” approach that mimics the many ways nature uses “waste” to generate new growth. NCIFund is a leader in helping entrepreneurs see and seize these opportunities.

U.S. food waste tripled between 1980 and 2015. Only 5% of food waste is composted; 76% goes to landfills.

– U.S. EPA

## Creating Jobs by Protecting Water Quality

For most of us, recycling means separating paper and plastic into bins at home. For Dylan Gehrken and his team at **Greasecycle** in Raleigh, North Carolina, it means collecting and processing over a thousand pumper trucks of used cooking oil and waste trap grease from restaurants every year. The company has demonstrated new ways to give these waste products a second life as biofuel or compost, while protecting water quality in the Neuse River watershed and creating jobs in the process. Since NCIFund’s investment in 2012, the business has grown from four employees to 18 and from servicing 350 restaurants to 1,700 accounts in a 175-mile area. In 2018, Greasecycle was named to the **Inc. 5000** list of fastest-growing private companies in the United States and is a true triple bottom line success story: outsized environmental impact, quality employment and financial success.

*“NCIFund has been a fantastic partner to Greasecycle and an instrumental part of our success! They took a risk on us when traditional financing was not an option without three years of positive cash flow. NCIFund fills a much-needed gap in the market between angel/seed equity investors and traditional debt financing.”*

– Dylan Gehrken, President, Greasecycle



© Bill Bamberger

## Mining the Energy in Pig Poop

Hog farming is a cornerstone of eastern North Carolina’s economy, but the challenges of managing large amounts of waste have deepened concern about how to balance economy and the environment. In April 2018, a big step was taken toward putting hog waste to good use. The first pipeline-grade renewable natural gas from hog waste was generated by **Optima KV’s** Kenansville, North Carolina, operations and converted to electricity, reducing greenhouse gas emissions by 35,000 tons and powering 800 homes. NCIFund committed early to help fund the project, which drew on a range of funding partners: **N.C. Department of Commerce**, **Live Oak Bank** and the **USDA Rural Business-Cooperative Services Rural Energy for America Program**, among others. Taking calculated risks to vet potential triple bottom line solutions is a crucial role for NCIFund in our current environment.



© NCIFund



# Building Equitable Local Food Systems

Homegrown, healthy food and successful farms are the cornerstones of resilient rural communities

## Healthy, Local Meats

The only independent farm-to-table beef company in Morgantown, West Virginia, **Working H Meats** sells its beef locally, and its owners, the Hardesty family, have taught their Amish neighbors to raise cattle as a way to offset lost income from the declining dairy industry. With NCIFund loans and technical assistance, the family has purchased a butcher shop and opened a second store, leading to increased profitability.



## Supporting Farmers of Color

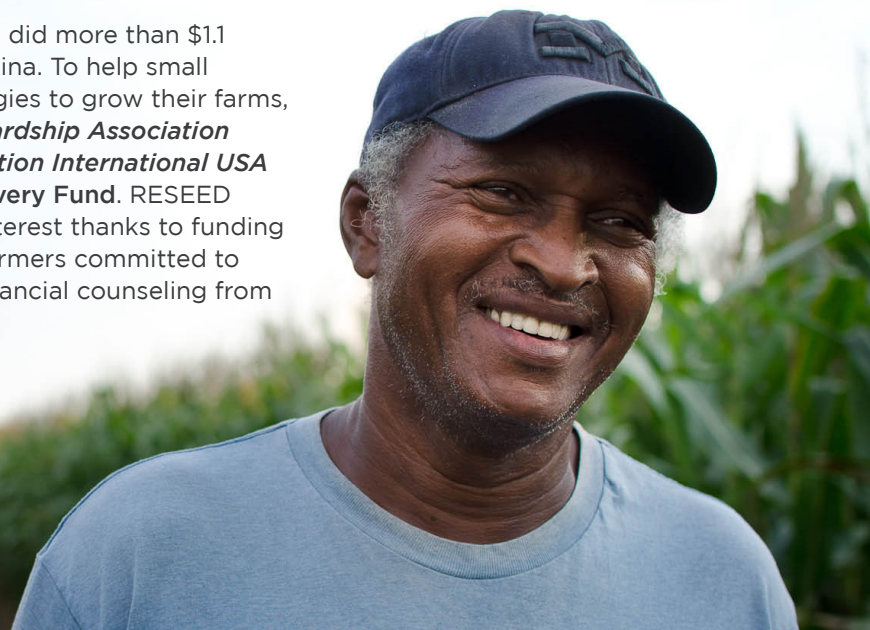
NCIFund provides financing and targeted assistance to help retain black-owned farmland in North Carolina. Our **Accounting Assistance for Disadvantaged Farmers** program, funded by the **NC Tobacco Trust Fund Commission**, helps farmers obtain quality tax preparation services at a reduced cost.

We also facilitate access to programs like **Natural Resources Conservation Service's Environmental Quality Incentives Program (EQIP)**. Wilbert Jeffries of Reidsville, North Carolina sells vegetables and pink oyster and turkey tail mushrooms to local retail markets. NCIFund's "bridge" loan provided the upfront funding he needed to build a hoop house, obtain a reimbursable EQIP grant and expand production.

Between 1920 and 2017, the number of black agricultural producers declined by 80%.  
- USDA

## Helping Farmers Rebuild After Disasters

In 2018, Hurricanes Florence and Michael did more than \$1.1 billion in damage to farms in North Carolina. To help small farmers recover and invest in new strategies to grow their farms, NCIFund joined the **Carolina Farm Stewardship Association (CFSA)** and **Rural Advancement Foundation International USA (RAFI-USA)** to create the **RESEED Recovery Fund**. RESEED was able to provide loans at 1 percent interest thanks to funding from **Wells Fargo**, loan guarantees for farmers committed to sustainable practices from CFSA, and financial counseling from RAFI-USA.



# Funding Women and Entrepreneurs of Color

Leveling the playing field so women and people of color can raise capital for their small businesses and build wealth for their families

The average level of startup capital among black entrepreneurs is \$35,205 compared with \$106,720 for white entrepreneurs.

- Kauffman Firm Survey

In 2018, women and people of color received **55%** of NCIFund's loans. **Wells Fargo's Diverse Community Capital** program helps NCIFund support historically underserved entrepreneurs.

## Fostering Community Health

After 18 years working for others, pharmacist Darius Russell was ready to start his own pharmacy. He and his wife, Terensia, opened **Russell's Pharmacy & Shoppe** in a historically underserved African-American neighborhood in Durham, North Carolina. We funded Russell's startup inventory and working capital. Located in an old bank building renovated by our sister CDFI **Self-Help**, Russell's provides East Durham with much-needed, personalized pharmaceutical care and four well-paying jobs.



## Preserving Asheville's History of Music and African American Culture

The music scene in Asheville, North Carolina, is booming, but rehearsal space is hard to find. To ease the shortage, Claude Coleman Jr., drummer for alt-rock band Ween, and his business partner, Brett Spivey, are using an NCIFund loan to open **SoundSpace**, a recording studio and practice space. Sound Space breathes new life into Rabbit's Motel, the only lodging available to Asheville's African American visitors during Jim Crow; the business will feature a revamped soul food kitchen and gallery commemorating the entertainers, musicians and Negro Southern League ballplayers who stayed there.

*"The loan to SoundSpace exemplifies the creative and flexible financing NCIFund is uniquely positioned to deliver. The rejuvenation of the property allows its history to be remembered and celebrated, while shaping the growing Asheville music scene."*

- J Deaver, Senior VP & Business Banking Manager, First Citizens Bank, NCIFund Board Member, and Asheville native

In 2018, the average loan in the U.S. for women-owned businesses was \$48,341—31% less than the \$70,239 average for male-owned businesses.

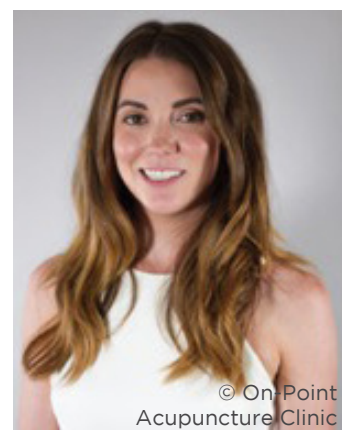
- Biz2Credit Study, 2019

## Bringing Innovative Health Services to Rural West Virginia

Based in economically underserved southern West Virginia, Kacy Korczyk's **On-Point Acupuncture Clinic** offers alternative pain management and wellness services, from orthopedic acupuncture to massage therapy; doctors frequently refer veterans for treatment. NCIFund and partner **United Bank** funded Korczyk's expansion to a new facility in Beckley with four times the space, creating four jobs.

*"If it weren't for NCIFund, I would have been facing this project half blind! The advice before the conception of the project was extremely beneficial, and the loan let me renovate the building and add the services that I have always wanted to offer."*

- Kacy Korczyk, Owner, On-Point Acupuncture Clinic





# Facilitating a Just Transition In Coal Country

Partnering to diversify economies in communities  
historically dependent on a single industry

West Virginia's coal  
industry employs  
12,000 coal miners  
today, down from  
more than 64,000 in  
the 1970s.

– Time

Profound economic changes are buffeting West Virginia as the state seeks ways to diversify an economy historically dependent on coal and natural resource extraction. The loss of jobs and hope have taken a toll on the health of individuals and the economies of small communities across coal country.

## Sparking Downtown Redevelopment

We're providing loans and hands-on support for commercial real estate projects to revitalize communities impacted by coal's decline. Through our **Downtown Appalachia Redevelopment Initiative**, NCIFund is implementing this comprehensive impact investment strategy in partnership with the **Brownfields Assistance Center at West Virginia University**. The **Appalachian Regional Commission POWER Initiative** and the **Claude Worthington Benedum Foundation** have helped seed a \$4 million permanent revolving loan fund for these projects.



## Show Me the Mon!

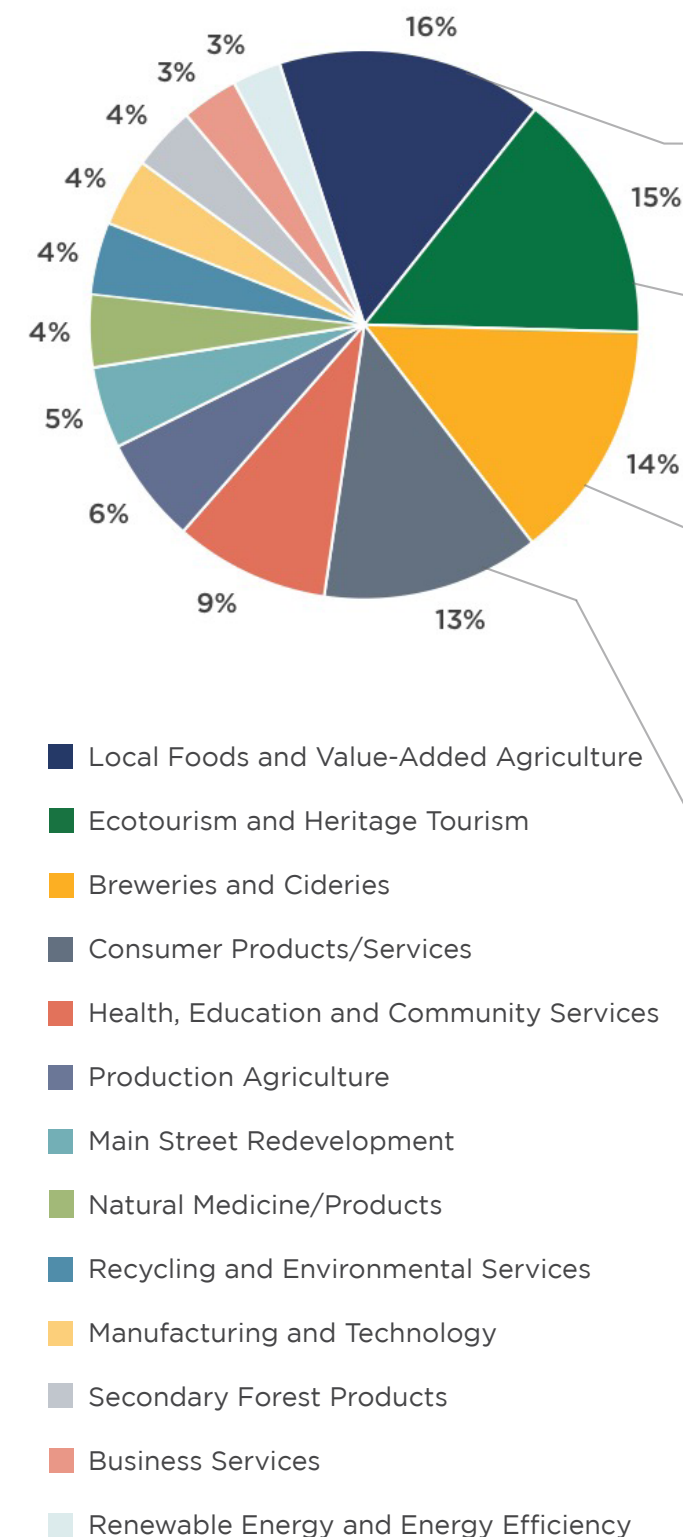
Each year, 3 million visitors travel to West Virginia's Monongahela ("Mon") National Forest. We've teamed up with **Woodlands Community Lenders** to spur recreation-based small business development in "gateway" communities through the **Mon Forest Business Initiative**. The Initiative seeks to improve the quality of life for residents by growing small businesses that provide vital products and services, strengthen the local economy, and capitalize on—and care for—the region's natural and cultural assets.

## Growing an Entrepreneurial Culture



For five years, we've partnered with the **Hatfield-McCoy Regional Recreation Authority** on the Southern West Virginia Tourism Initiative, with funding from the **Appalachian Regional Commission POWER Initiative**. Our combined capital and advisory services are building infrastructure for the Hatfield-McCoy Trails—used each year by 50,000 off-road enthusiasts—harnessing the region's natural beauty to create jobs in coal-impacted communities. In 2018, NCIFund helped the **Housing Authority of Mingo County** in Williamson, West Virginia, fulfill its dual objectives of affordable housing and catalyzing economic development; we funded construction of cabins and campgrounds for Hatfield-McCoy trail users, while creating 11 local construction jobs. The Authority is redeveloping the old Sycamore Inn in town as a drug recovery facility in a local response to the state's profound opioid epidemic. We helped the Authority secure a solar panel donation for the project, enhancing its environmental sustainability.

## Who We Fund: Lending by Sector, 2001–2018



Durham Co-op Market, Durham, NC  
© Bill Bamberger



River's Edge Treehouses, Robbinsville, NC  
© Bill Bamberger



Hawk Knob Cidery, Lewisburg, WV  
© Bill Bamberger



X-Cel Performance Rehab, Ridgeley, WV  
© Sam Levitan

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