What does it mean to invest with impact?

Natural Capital Investment Fund supports entrepreneurs who are creating jobs and triple-bottom-line businesses in underserved communities in Central Appalachia and the Southeast. We are a business loan fund with expertise in farm-to-table, alternative energy, forest products, and eco-tourism.

At Natural Capital Investment Fund, we see impact investing as a practice that extends beyond capital access and incorporates intangible yet vital aspects for community—such as good jobs, a clean environment, a robust tax base, and pride of place. This approach stems from our association with The Conservation Fund, a national non-profit founded on the principle that environmental protection and economic vitality are inseparable.

In 2014, our commitment to entrepreneurs was larger than ever before: $3.4 million in loans and over 3,100 hours of business advisory services. We also expanded our support to companies in Western Maryland.

In this year’s impact report, based on survey responses from 76 percent of our active portfolio of 98 companies, you will read about the many accomplishments of Natural Capital Investment Fund-supported small businesses. Their success in creating jobs and benefiting the environment is impressive and important. And while the recovery of the U.S. economy has helped, the performance of the portfolio is testimony to their hard work and commitment to the communities they serve.

2014 Impact Spotlight
(Figures are from calendar year 2014.)

- **5.2 million pounds of local produce** grown or aggregated by funded companies—an amount that can feed 200,000 people for a week.
- **74% of funded companies report higher profits.**
- **342 full-time and 306 part-time jobs** created by 98 active portfolio companies and farms.
- **3,100 hours of advisory services** spent with clients.
- **43 million pounds of material** diverted from landfills—then reused, recycled or composted.
- **1,535 garbage trucks**.
- **Loans closed since 2011**.
- **$3.4 million**.
In 2009, Natural Capital Investment Fund provided a loan to Neil Moye—a successful tobacco, livestock and crop farmer—to act on a lifelong love of Jersey cows and start Simply Natural Dairy Farm. In 2014, Neil launched Simply Natural Creamery to bottle his milk and make ice cream, selling them at the farm and in local Eastern North Carolina grocery stores. The creamery and dairy operations now employ 22, including local residents and the next generation of Moyes, which brings significant new economic activity to the small town of Ayden.

In 2014, Natural Capital Investment Fund provided loans to two North Carolina food co-ops, Durham Co-op Market and Hendersonville Community Co-op, to help them expand into new locations. To provide the millions in financing the co-ops needed, we partnered with a consortium of community development entities, including the Northcountry Cooperative Development Fund, the Local Enterprise Assistance Fund, and Self-Help Ventures Fund. The markets—collectively owned by thousands of member-investors—meet a growing demand for locally produced food. This provides a key outlet for growers in the region and creates jobs. Durham Co-op Market employs 40, and Hendersonville Community Co-op doubled its staff to 30 with its expansion.

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We invest in companies that invest in their staff. And although it can be challenging for young businesses working in rural communities to provide employees benefits, 47% of surveyed portfolio companies reported that they do. And of those providing benefits, 94% offered paid vacation, 77% provided paid sick leave, and 61% contributed to employee health insurance.

Healthy farm animals are key to healthy food systems, making easy access to large animal vet services essential. Horses, cattle and their two-legged owners in a half-dozen central West Virginia counties rely on Dr. Tracy Walker’s Allegheny Equine Veterinary Services in an emergency. When Dr. Walker considered expanding her practice, she worked with our Value Chain Cluster Initiative to conduct a thorough analysis of the project. Once the pro formas were complete, Dr. Walker worked with us and Citizens Bank of West Virginia to fund the expansion. The Elkins clinic is now open and ready to deliver state-of-the-art care to patients.

Firefly Farms Creamery & Market produces and sells a divine selection of internationally acclaimed cheeses at its Accident, Maryland, market and in retail locations like Whole Foods. In 2014, we provided loan capital and technical support to owners Mike Koch and Pablo Solanet for the purchase and installation of a 27 kW solar photo-voltaic system, which will reduce Firefly’s energy bill by 33%. This new system will produce over 200,000 kW of electricity over 7 years.

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A PLACE IN THE TREES

When Laila and Doug Mortimer retired to Robbinsville, North Carolina, they did not foresee building treehouses in their immediate future. But this ambitious duo saw opportunity in Graham County, home of the ‘Tail of the Dragon,’ a curvy 11-mile stretch of US 129 bordered by the Great Smoky Mountains and the Cherokee National Forest. Thousands of motorcycle and performance vehicle enthusiasts travel to ride the road’s famed twists and turns every year. But, with few quality locations to stay, many leave Graham County to spend the night elsewhere – robbing the community of coveted “heads in beds.” The Mortimers quickly saw the missed opportunity, and set off on a journey to build unique lodging for these visitors; treehouses somehow seemed right.

The Mortimers needed capital, but they also needed good advice. So Natural Capital Investment Fund contracted with an experienced vacation cabin operator to help Laila and Doug learn the ropes of the hospitality business. We also connected the couple with a web designer to help them build the website they’d need to reach their specific clientele. The planning paid off. River’s Edge Treehouses had a fruitful first season, exceeding their occupancy target and delighting visitors. With the proper fundamentals in place, River’s Edge has a leg up in attracting tourists and dollars to Graham County’s local economy.

PARTNERING FOR WORKING FORESTS

The work loggers perform in dense woods is essential. It is also dangerous, subject to the weather, and sensitive to macroeconomic forces. Understanding these challenges, Natural Capital Investment Fund has partnered with public, private, and non-profit organizations to address these hurdles in targeted ways. Together with the U.S. Endowment for Forestry and Communities and local investors identified by the South Carolina Timber Producers Association, we funded the Southern Loggers Cooperative’s fuel depot in Allendale, SC. The new depot helps loggers purchase diesel at reduced cost. To address logging equipment needs, we paired funding and operating support from CEI Capital Management with guarantees from Weyerhaeuser Corporation and local companies. These loans went to loggers in Ohio and South Carolina, such as Coleman Brothers Logging in Richburg, South Carolina.

ENERGY SOLUTIONS

Since 2011, Natural Capital Investment Fund has helped 88 West Virginia companies cut their energy consumption with in-depth assistance, grant-funded energy audits, and $1.92 million in loan capital. In 2014, our loan to Charleston Clean Energy restarted a landfill gas-to-electricity system that produces 3 megawatts of energy. That’s enough to power over 2,400 homes while at the same time decreasing pollutants released into the atmosphere. All told, small businesses that have taken advantage of our Energy Efficient Enterprises Initiative have achieved average annual cost savings of $11,123—a big help for their bottom line and the environment.

MAIN STREET REVIVES

Fresh paint, restored facades, and better street lighting are all indicators of how residents perceive their community and its economic future. 108 S. Main Street, LLC in Warrenton, North Carolina, is a Natural Capital Investment Fund-funded company that exemplifies how an upgrade to a historic building can energize a neighborhood and deliver various benefits to a community. Carla Norwood, a Warren County native, and her husband, Gabriel Cumming, revitalized a downtown bank building into the community’s first mixed use development—creating a cafe that provides a gathering space for musicians and artists, a community kitchen, office space, and affordable housing. Working Landscapes, an entrepreneurial nonprofit based in the building, has created a new market for Warren County farmers that purchased 25,000 pounds of local produce in 2014 from more than 40 local and regional farms.
Natural Capital Investment Fund offers investors the unique opportunity to back 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.

We have a steadfast record of successful business lending. Natural Capital Investment Fund has funded over 140 businesses and non-profit enterprises while maintaining low loss rates. We credit this success to our rigorous underwriting process and the technical support we provide to our borrowers.

In 2014, we received a rating of AA+3 from AERIS, a third-party auditor of community development financial institutions.

To inquire about investments in Natural Capital Investment Fund, contact Marten Jenkins, CEO, at 304-876-2815 ext. 207.