

*Celebrating* **20** *Years  
of Impact*

**BRIDGEWAY**

C A P I T A L

*2010 Annual Report*

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Dear Friends,

While 2010 was a year filled with many challenges, it also marked a significant milestone for us at Bridgeway Capital. We celebrated our 20th anniversary in 2010, which conveys permanence, sustainability, credibility, and relevance in western Pennsylvania. More importantly, it means that we have been working toward our mission for two decades – turning ideas into impact, putting capital in action, and igniting job growth.

This milestone was especially humbling. I remember the days of huge blast furnaces coming down, every church starting a food bank and thousands of families moving away. The idea of providing capital for economic renewal was still new, but we put our hearts and hands to work to make it a reality. And while our region has improved since the steel industry collapse in the 1980s, we continue to encounter economic challenges that confirm the need for flexible capital.

In 20 years, Bridgeway Capital grew from a mere \$2,500 to over \$55 million in assets under management. This growth allows us to pursue new opportunities as we work toward a thriving region for all. Twenty years has enabled us to create and preserve nearly 5,500 jobs, place more than 673 loans for \$72 million, and provide countless opportunities for entrepreneurs to learn more about business operations and growth.

**THANK YOU** for your support. With your help, we continue to focus our resources on our mission. We appreciate the opportunity to serve western Pennsylvania for the last 20 years, and we plan to grow — both our capacity and regional impact — for many years to come.

Sincerely,

**Mark Peterson**  
President

*Thank  
You*





# Who We Are

Through flexible capital and education, we work to ignite growth, expand entrepreneurial capacity, and sustain vital services that strengthen our communities.

Click the button below to learn more about our market.

[LEARN MORE](#)

## We serve 15 counties:

- Allegheny
- Armstrong
- Beaver
- Butler
- Clarion
- Crawford
- Erie
- Fayette
- Greene
- Indiana
- Lawrence
- Mercer
- Washington
- Westmoreland
- Venango





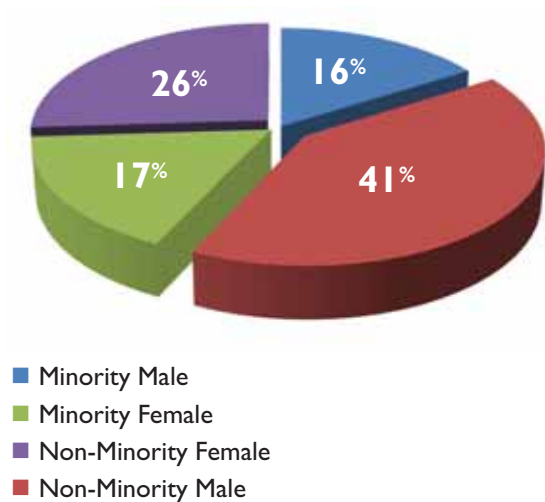
# Growth and Opportunities

We are in the business of providing opportunities to ignite economic growth. People should have access to flexible capital, education, and beneficial community services – regardless of background and status. To accomplish our mission, we primarily focus on small business lending.

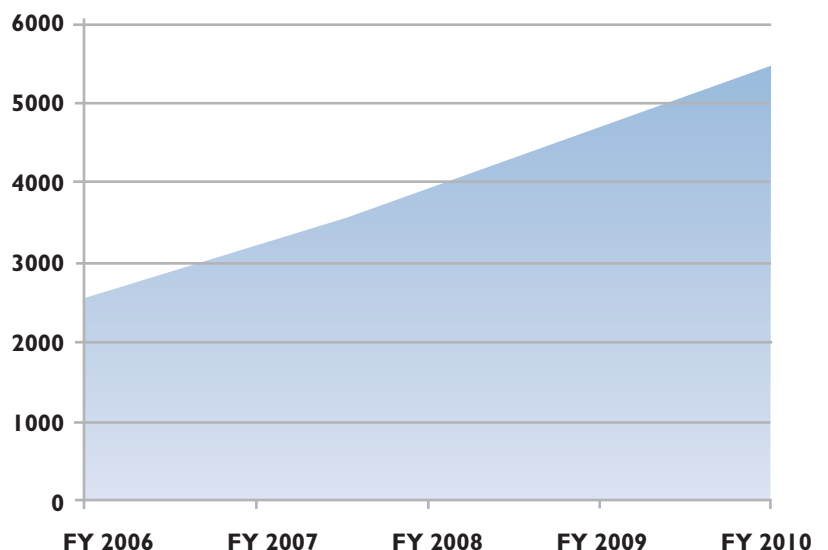
Why small businesses and entrepreneurs? It's simple. Entrepreneurs create jobs. Studies have shown that businesses between the ages of one and five years old create the most jobs. Interestingly, more than half the companies on the Fortune 500 list were started during a recession.

**In the last decade alone, this type of lending led to the creation and preservation of nearly 5,500 jobs.**

**Borrower Demographics (In Loans)**



**Cumulative Job Creation and Retention**





# Growth and Opportunities – Stories

“

*There were costs that we just didn't anticipate, and Bridgeway Capital helped us get past those areas.*

”



## Starter Blessings Day Care

Starter Blessings Day Care provides affordable, quality child care services to families in Wilksburg, an urban, underserved community. During the state budget crisis in 2009, funding was delayed and there was fear that the business would close, forcing out children and families that relied on these services in order to work. Starter Blessings received a loan from Bridgeway Capital to keep its doors open, repaid the loan when the state funding came in, and then came back to us for a new loan to help replace the roof of the 100-year-old house where child care is provided. The financing helped retain two jobs, and today the child care facility serves 12 children.

STORY

## Santelli Tempered Glass

Santelli Tempered Glass, a manufacturer of residential safety glass located in blue-collar Monessen, is a great example of expansion and job creation made possible with available capital. It received financing from Bridgeway Capital when the company began operating in 2006 and again recently to support its rapid expansion. In only four years of operation, Santelli Tempered Glass hired 51 full-time employees, increased its sales by more than 800 percent, and opened two additional facilities in Florida and Indiana, which will employ a total of 66 workers by 2013. The company ranked third among Pittsburgh's fastest growing manufacturing companies by the Pittsburgh Business Times last year, and this year owner Joe Santelli was named the 2011 PA winner of the Small Business Person of the Year Award by the Small Business Administration.

STORY

VIDEO

— **Joe Santelli**  
(Owner, Santelli Tempered Glass)





# Encouraging Entrepreneurs – Capacity Building

“

Every single day  
a customer says,  
“I wish  
there was  
one of these  
(restaurants)  
near me!”

”

— **Chris Dilla**  
(Owner, Bocktown Beer and Grill)

While access to capital is an essential part of the small business equation, capital alone does not ensure small business success. To enhance the knowledge and skills of our borrowers, we expanded our [Business Education Program](#) in 2010. Many small businesses struggled during the recession, and we asked ourselves, “how could we do more?” After researching the greatest needs in our portfolio, we decided to add one-on-one coaching in financial management, business planning, and marketing strategy for our small business borrowers.

Today, the program offers access to skilled, professional consultants that work one-on-one with the small business owner at little or no cost. It also offers training events and seminars, matching funds to help businesses complete projects that will help them grow, monthly e-newsletters with business tips, and more. Our Business Education Coordinator works with our borrowers each day to understand their needs, connect them with resources, and provide access to many unique opportunities.

The program will increase our borrowers’ potential for success, help us mitigate risk by increasing our chance of repayment, and allow us to “free up” capital for other small businesses in need.

**In FY 2010, we provided 89 small business borrowers with 3,152 hours of one-on-one assistance.**





## Encouraging Entrepreneurs – Stories

*“Working with the  
business education  
program was a  
great way to really  
improve my business.”*

— **Christin Bummer**  
(Owner, K9 Kingdom)



### All Water Systems

All Water Systems is a water technology company specializing in custom-built, high purity water systems for commercial and industrial customers. The 30-year-old, family-owned business purchased a 16,500 square foot facility in Turtle Creek and started to expand. During the economic downturn, the company moved forward by designing new products and services that would diversify its offerings. Working in conjunction with Catalyst Connection, Bridgeway Capital made a loan to All Water Systems to help grow its services and capabilities. All Water Systems also utilized Bridgeway Capital’s business education services. The owners attended a hands-on, 10-week FastTrac® course to improve their business skills, and also worked with Bridgeway Capital’s consultants on marketing strategy. Today the company employs eight people and expects to hire an additional employee soon.

STORY

### K9 Kingdom

K9 Kingdom, a 3-year-old pet care business located in the North Hills of Pittsburgh, received a loan from Bridgeway Capital in its first year for equipment and renovations. The recession made the owner realize that she needed to better manage her finances and marketing strategy to succeed. Working with the Business Education Program and consultants from the University of Pittsburgh’s Institute for Entrepreneurial Excellence, the owner learned how to manage cash flow and improve marketing and sales initiatives. Through this program, she experienced record sales months and is positioned to do very well in the coming year.

STORY

VIDEO





## Working Toward Vibrant Communities

Building healthy, vibrant communities helps to positively impact our quality of life. At Bridgeway Capital, we believe this is part of a comprehensive solution to revitalize and grow our region.

In 20 years, we have placed over \$16.1 million with organizations and enterprises providing valuable services that strengthen our communities.

- Placed \$7.3 million in loans to 7 nonprofit education providers, knowing that alternative education options provide value to families
- Financed 27 other nonprofit organizations with over \$3.5 million to help sustain their community and human services activities
- Supported 7 enterprises pursuing LEED® certification for their green building projects with \$4.2 million in financing

Financing these organizations provides opportunity and options for our region, leading to better communities in which to work and live.





# Working Toward Vibrant Communities – Stories

*“We’ve had 10 athletes go to the World Championships in 10 years. No other rowing club in the U.S. has that, and we’re very proud to offer it.”*

— **Dori Tompa**  
(Founder)



## AJAPO

The Acculturation for Justice, Access and Peace Outreach (AJAPO) program was founded in 2004 as a nonprofit organization to serve African and Caribbean refugees and immigrants arriving in Pittsburgh and Allegheny County. In 2000, the Executive Director emigrated from Nigeria and experienced firsthand the difficulties of acculturation. AJAPO now serves these populations through health services, human support services, counseling, and training. To bridge the receipt of grant funds that support its programs, AJAPO first approached Bridgeway Capital in 2009 with a loan request. After repaying the loan, AJAPO contacted Bridgeway Capital again to increase the loan to meet payroll and continue supporting programs until the grant funds were received. Today, AJAPO is able to serve refugees by educating them for civic responsibilities and economic self-sufficiency.

STORY

## Steel City Rowing Club

Steel City Rowing Club (SCRC) is a nonprofit organization in Verona that provides training and coaching in the sport of rowing to children and adults. Started in 1997, SCRC needed a larger facility to accommodate the club’s equipment and events. SCRC was awarded a state grant for its new green building project, but needed a loan to begin construction before the money was distributed. With bridge financing from Bridgeway Capital, the building was completed in 2010, and its geothermal heating system reduces operating costs, freeing up the resources needed to purchase equipment and increase the number of student scholarships for rowing lessons. The organization has generated six full-time jobs and helps bring development to the region’s waterfront.

STORY

VIDEO





# Impact – The Numbers

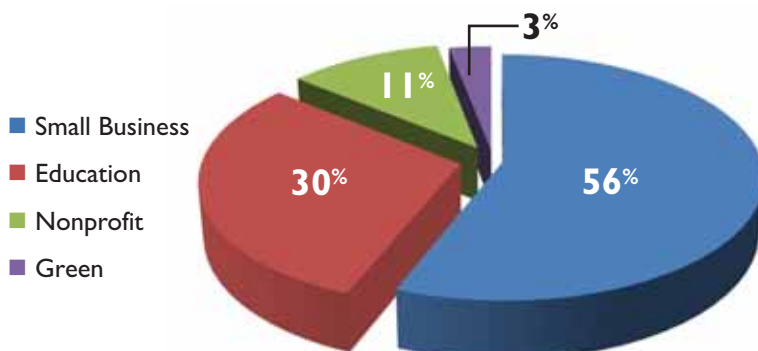
We measure the impact of our financing to determine the effectiveness of our efforts, the benefits to people and the region, and our strategies moving forward. While individual stories bring life to the value of flexible capital and opportunities, the inherent value of strong data cannot be ignored. We have a responsibility to lend well and work toward regional growth.

In 20 years, Bridgeway Capital placed 673 loans totaling \$72 million, which supported \$270 million in additional investment. Eighty percent of our lending benefited low-income people, and nearly 5,500 jobs have been created and retained.

## In FY 2010

- Made 81 Bridgeway Capital loans totaling \$6.2 million, which supported \$24.1 million in additional investment
  - 85% of lending benefited low-income people in western Pennsylvania
  - 33% of loans made to minority-owned and 43% to women-owned enterprises
- Placed 9 SBA 504 loans totaling \$2.4 million for equipment and real estate, which supported \$5.5 million in additional investment
- Helped all of our borrowers create and preserve 767 jobs
- Served 89 borrowers with 3,152 hours of one-on-one assistance in the areas of financial management, marketing, and business planning

Lending by Type\* (In Dollars)



\*Excludes 504 loans, placed by Bridgeway Capital Certified Development Company.





# 20th Anniversary Highlights



- We celebrated “20 Years of Impact” in October with over 300 friends and talked about Bridgeway Capital’s humble beginnings, our growth, and our impact. It was our largest event ever, and it provided a platform for spreading the word about our mission and impact.
- In May, Mark Peterson received the **National Small Business Administration Financial Services Champion of the Year** award for advocacy and efforts to help entrepreneurs gain access to capital.
- Also, Bridgeway Capital was presented with the **Entrepreneurial Excellence** award by the Westmoreland County Winner’s Circle for our efforts to support and finance women-owned businesses in the region.
- Our staff grew to include a dedicated Business Education Team for borrowers.
- We launched our new [website](#), which highlights [impact stories](#), [relevant news](#), [loan application](#) information, our [reports and publications](#), and more.



*Impact  
Celebrate  
Growth*





# Financial Data

<b>FINANCIAL POSITION DATA</b>	<b>2010*</b>	<b>2009*</b>
<b>ASSETS</b>		
Loans Receivable (Net)	16,307,653	17,213,634
Cash & Investments	19,739,825	18,099,981
Grants, Interest & Fees Receivable	1,823,456	1,005,178
Other Assets	153,780	125,123
<b>Total Assets</b>	<b>38,024,714</b>	<b>36,443,916</b>
<b>LIABILITIES</b>		
Notes Payable	17,787,629	16,544,561
Other Liabilities	1,703,010	1,591,725
<b>Total Liabilities</b>	<b>19,490,639</b>	<b>18,136,286</b>
<b>NET ASSETS</b>		
Unrestricted	15,208,829	15,200,400
Temporarily Restricted	3,319,746	3,101,730
Permanently Restricted	5,500	5,500
<b>Total Net Assets</b>	<b>18,534,075</b>	<b>18,307,630</b>
<b>Total Liabilities and Net Assets</b>	<b>38,024,714</b>	<b>36,443,916</b>

\*As of September 30

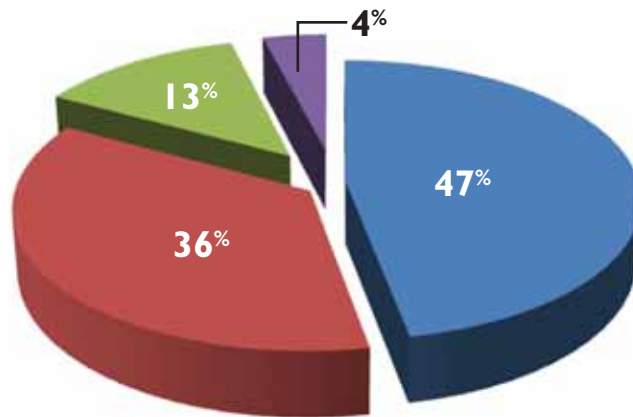
<b>ACTIVITIES DATA</b>	<b>2010</b>	<b>2009</b>
<b>REVENUE AND SUPPORT</b>		
Contributions & Grants	1,843,659	2,966,463
Program Income	1,564,066	1,503,282
Investment Income	793,319	1,129,776
<b>Total Income</b>	<b>4,201,044</b>	<b>5,599,521</b>
<b>EXPENSES</b>		
Program	2,943,942	3,576,302
General & Administrative	972,242	857,044
Fundraising	58,415	73,726
<b>Total Expenses</b>	<b>3,974,599</b>	<b>4,507,072</b>
<b>CHANGE IN NET ASSETS</b>	<b>226,445</b>	<b>1,092,449</b>





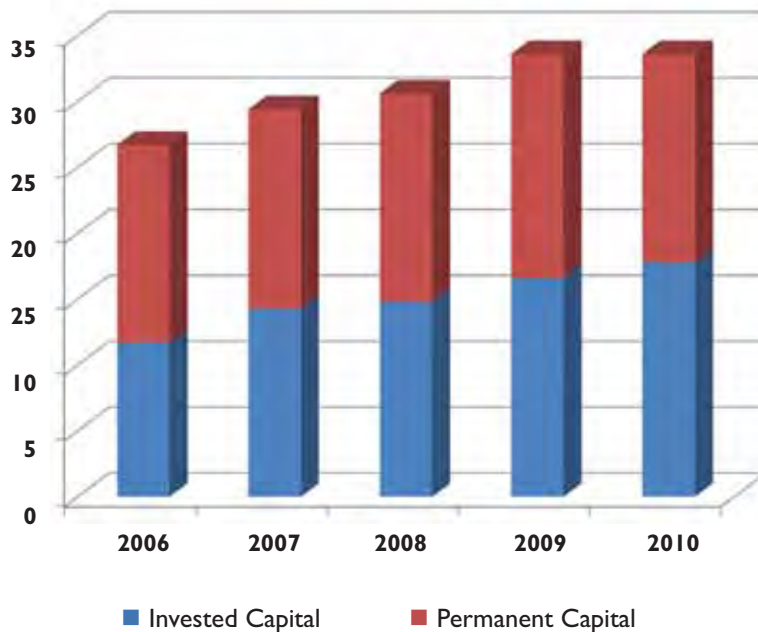
# Financial Data

### FY 2010 Lending Capital



- Permanent Capital
- Financial Institutions
- Government
- Religious Organizations, Individuals, Corporations & Nonprofits

### Five-Year Lending Capital (\$ millions)





# FY 2010 Investors, Grantors, and Donors

- Anonymous
- BNY Mellon Community Development Corporation
- Calvert Social Investment Foundation
- Catholic Diocese of Pittsburgh
- Citizens Bank of Pennsylvania
- Congregation Dor Hadash
- Dominion Peoples
- Fifth Third Bank
- First Commonwealth Community Development Corp.
- First National Bank
- First Unitarian Church of Pittsburgh
- Marianist Province of the United States
- Nazareth Literary & Benevolent Institution
- Opportunity Finance Network
- PA Economic Development Financing Authority
- Pennsylvania Minority Business Development Authority
- Pittsburgh Presbytery
- PNC Bank, N.A.
- PNC Community Partners, Inc.
- Province of St. Augustine of the Capuchin Order
- Sisters of Charity
- Sisters of Divine Providence
- Sisters of Humility of Mary, Inc.
- Sisters of Mercy of the Americas New York, Pennsylvania, Pacific West Community
- Sisters of St. Francis of the Neumann Communities
- Sisters of St. Francis of the Providence of God
- Sisters of St. Joseph
- Treasury Department of the Commonwealth of Pennsylvania
- U.S. Department of Agriculture, Rural Development
- U.S. Small Business Administration
- U.S. Treasury, Community Development Financial Institutions Fund
- Unitarian Universalist Association
- United Methodist Church Union





## Boards of Directors

### BOARD OF DIRECTORS

**Susan A. Apel**

*Vice President Legal & General Counsel,  
Ellwood Group, Inc.*

**Sarah B. Campbell, Treasurer**

*Community Leader, Homewood-Brushton  
Neighborhood, Pittsburgh, PA*

**Harry Clark**

*Retired Administrator, Pittsburgh  
Public Schools*

**Lynne Colaizzi**

*Vice President Property & Casualty,  
HDH Group*

**Keith Crytzer, Chairperson**

*Senior Vice President & Chief Credit Officer,  
Business Banking Division, PNC Bank*

**Ann Dugan, Secretary**

*Assistant Dean & Executive Director,  
Institute for Entrepreneurial Excellence,  
University of Pittsburgh, Katz School  
of Business*

**Terry Haines**

*Senior Analyst, Financial Services & Counselor  
to the CEO, Potomac Research Group*

**Andrew Hays**

*Principal, Main Street Capital Holdings*

**Stanley Maharam, Vice Chairperson**

*Senior Vice President, Citizens Bank*

**Robert M. Moorehead**

*Chief Credit Officer-Pennsylvania,  
First Niagara Bank*

**Rona L. Nesbit**

*Senior Vice President, Finance &  
Administration, Pittsburgh Cultural Trust*

**Mark Peterson**

*President, Bridgeway Capital*

**John Trabucco**

*President, Arch Street Management, LLC*

**Richard Witherspoon**

*CEO & Treasurer, Hill District Federal  
Credit Union*

### CDC BOARD OF DIRECTORS

**Sheila Cowieson**

*Vice President & Business Development  
Officer, Community Bank*

**Thomas Dodson**

*CFO, CompuGroup Technologies*

**William Hawthorne**

*President, A For The People Insurance  
Agency, Inc.*

**William J. King, Jr.**

*Senior Vice President, Washington  
Financial Bank*

**Jeffrey M. Kotula**

*President, Washington County Chamber  
of Commerce*

**Christopher A. Martin, Secretary**

*President, Southwest Pennsylvania Region,  
Northwest Savings Bank*

**Raymond Phillips**

*President, The Broker's Source, Limited*

**Rebecca Yago**

*Vice President Real Estate Lending &  
Services, Dollar Bank*

**Dane Yancic, Chairperson**

*Business Development Specialist, Allegheny  
County Economic Development*



## Committees and Staff

### LOAN COMMITTEE

**Kurt Bevan**

*Vice President & Commercial Loan Officer,  
Northwest Savings Bank*

**Sarah B. Campbell**

*Community Leader, Homewood-Brushton  
Neighborhood, Pittsburgh, PA*

**Robert J. Emanuele**

*Vice President, PNC Bank*

**Mary Molnar**

*Credit Officer II, Vice President, PNC Bank*

**Mark Peterson**

*President, Bridgeway Capital*

**William "Skip" Schwab**

*Commercial Development Manager,  
East Liberty Development Inc.*

### BUSINESS EDUCATION TEAM

**Stephanie DeSimone**

*Financial Management; CPA*

**Renee Horner**

*Marketing Strategy*

**William G. Stayduhar**

*Financial Management; CPA*

**Eric Swift**

*Business Planning*

### STAFF

**Leah Bender**

*Loan Assistant*

**Jane E. Bittcher**

*Team Leader - Loan Officers*

**Andrea Bon**

*Portfolio Administrator*

**Emily McKinin DeMasi**

*Research & Development Associate*

**Mary Kay Ferrance**

*Accounting Manager*

**Liz Gage**

*Marketing Manager*

**Eileen Gallagher**

*Business Education Coordinator*

**Kristin Klingenberg**

*Vice President of Development; General  
Counsel*

**Vicki Hays Kunz**

*Credit Officer*

**Marcia Lynch**

*Vice President of Finance & Information*

**Angel Marschik**

*Vice President; Senior Loan Officer*

**Mark Peterson**

*President*

**Jennie Sapsara**

*Office Manager*

**Carla Steele**

*Credit Analyst*

**Dan Sullivan**

*Vice President; Senior Loan Officer*

**James M. Taibi**

*Senior Credit Analyst; Portfolio Manager*



## Looking Back

# CL FUND



- 1990** Bridgeway Capital was founded under the name Community Loan Fund of Southwestern Pennsylvania, and was located in a former convent on the South Side.
- 1991** Started with \$2,500 in assets.
- 1992** Made our first housing loan to Breachmenders, an organization that provided affordable housing for low-income people in Oakland.
- 1994** Focused more on small business financing because of market need.
- 1995** Made our first small business loan to a grocery store in Garfield.
- 1996** The U.S. Treasury Department created the Community Development Financial Institutions Fund (CDFI Fund) to help organizations like Bridgeway Capital deploy flexible financing to communities in need. We applied and received certification to become a CDFI, and were recognized with one of the first CDFI Fund awards.
- 1997** Total loans exceeded \$1 million for the first time.
- 1998** Approved as a Small Business Administration (SBA) microloan intermediary.
- 2000** Made our first education loan to a manufacturer that provided training for precision grinding and tool making.
- 2002** Made our first charter school loan to City Charter High, and our first green building loan to Three Rivers Rowing Association.
- 2003** Expanded to include SBA certified development company (504) loans.
- 2004** Placed our first 504 loan.





## Looking Back



- 2006** Total loans exceeded \$6 million for the first time. Also, we made the largest loan in our history – \$1.7 million – to help finance the Eastside II project in East Liberty.
- 2007** Raised more than \$9.4 million in lending capital through investments and grants.
- 2008** Changed name to Bridgeway Capital to better reflect our mission and work. Also, we established a Business Education Program for entrepreneurs. Requests for loans grew to \$17.9 million due to the credit crunch – almost 60 percent higher than the year before.
- 2009** Received a \$2 million award from the CDFI Fund. Also, the state budget crisis caused many social service agencies to close. We responded with an emergency loan program and helped 14 childcare providers keep their doors open.
- 2010** 20th Anniversary Year! Mark Peterson won the SBA National Financial Services Champion of the Year award. Bridgeway Capital won the Entrepreneurial Excellence award. Celebrated 20 years of impact in western Pennsylvania, working toward a thriving region for all.



Our work is not over and we should remember that our contributions need not be perfect. Our obligation is to take responsible risk in search of something that we cannot see today, and in search of impact that far exceeds our plans.

Our mission is possible because of you — our partners, friends, and borrowers. Thank you for your support. We ask that you continue to work for western Pennsylvania's future, keep us accountable, spread the word about our mission, and help us find opportunities to ignite growth in the region. Together, we can work toward a thriving region for all.

*Thank  
You*





## Contact Information



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CONTACT US



[View Larger Map](#)

