Build the Region

Bridgeway Capital’s 2015 Annual Report

Trade Institute of Pittsburgh creates the next generation of skilled masons.

Urban Tree gives new purpose to old timber at 7800 Susquehanna Street.
2015 marked Bridgeway Capital’s 25th year of working to make western Pennsylvania a thriving region for all. Through a quarter-century, Bridgeway has made 1,000 loans totaling more than $118 million; 264 loans supported enterprises owned or led by African Americans. Businesses and enterprises owned or led by women have received 366 loans. In 2015 alone, Bridgeway:

- Closed 114 loans totaling more than $21 million — both records for the organization
- Supported the creation of 140 new jobs and 41 startup businesses
- Provided 2,600 hours of pro bono business education services to emerging entrepreneurs

Bridgeway raised new capital in 2015 to build on its legacy of impact. Several investors committed $32 million in new capital for lending in disadvantaged communities. Leading the way is a new, $15 million investment from the Community Development Financial Institution Fund’s Bond Guarantee Program. The CDFI Fund’s investment has a 30-year term at a fixed rate, allowing Bridgeway to offer its customers longer terms at stable prices.

2015 was successful, but challenges remain. Despite signs of economic progress, many communities are left behind. Unemployment, poverty, blight, inequality, and discrimination continue to plague urban and rural communities. Bridgeway and its partners must work harder to create an economic landscape that fosters economic diversity.

This annual report outlines Bridgeway’s recent impact and emerging initiatives, and it also explores individual success stories. Bridgeway possesses the experience and skills to address the difficult challenges of the next 25 years, and increases its impact by providing more loans to more individuals, reinvesting in underserved communities, and offering support services to build business skills. In short, Bridgeway connects opportunity with capital.

We thank our investors and other partners for their continued support and commitment to help make western Pennsylvania a thriving region for all.

And we look forward to sharing even more exciting and important results from 2016.

Sincerely,

Mark Peterson
President & CEO

Stanley Maharam
President, Board of Directors
Clients As Catalysts

“

They connected me with professionals to completely revamp our website. Our continued success is due, in part, to partners like Bridgeway.”

Erin Green, Owner of Verify Services
Waterford, PA

Erin Green’s business creates 21st century jobs in a rural community.

Operation Better Block

In the Homewood area of Pittsburgh, Operation Better Block (OBB) is an important nonprofit organization and a valuable partner in helping Bridgeway identify opportunities with maximum impact. Bridgeway provided OBB with a predevelopment grant from its Emerging Opportunities Financing program. OBB used the funds to prepare architectural drawings for a proposed commercial building across from the Homewood Station Senior Apartments, a community development project that Bridgeway financed. Bridgeway supports OBB’s efforts to revitalize Homewood’s retail corridor and bring businesses back to the neighborhood.

Verify Services

Verify Services is a consulting company that helps clients manage and reduce expenses for their commercial telecommunications. Bridgeway provided an entrepreneur loan to business owner Erin Green. She used the working capital to hire two additional employees to meet a growing demand for telecommunications expertise. Before starting the business, Ms. Green served six years in the U.S. Army Reserves and spent 20 years in the telecommunications industry. Helping a former citizen soldier create quality jobs in rural western Pennsylvania was a great mission fit for Bridgeway.

SpiritLife

A community overwhelmed by pervasive substance abuse is unable to participate in or benefit from economic revitalization. This is why Bridgeway supports human service nonprofits alongside startup entrepreneurs and small businesses. A loan to SpiritLife is a prime example of how Bridgeway assists nonprofits that provide vital services in western Pennsylvania. SpiritLife is a faith-based, non-denominational treatment center, located in rural Indiana County, that supports personalized pathways to addiction and substance recovery. The working capital from Bridgeway helps SpiritLife prepare its new facility and solidifies an affiliation with the Indiana Regional Medical Center.

Wilco Construction

Wilco Construction is one of the several local subcontractors to rehabilitate the interior spaces of Bridgeway’s 7800 Susquehanna Street building. Business owner Darrell Williams received an entrepreneur loan from Bridgeway, and he used the working capital to maintain his team of skilled workers as the project at 7800 Susquehanna Street gained momentum. The working capital Bridgeway provides is critical to small contractors as they transition from one project to the next. When small businesses like Wilco Construction thrive, they bring jobs and dollars to economically isolated neighborhoods.
Opportunities for Impact

As Bridgeway expands its reach and increases its investments, we are also diversifying our tool kit for economic and community development.

Healthy Foods Financing

The unavailability of fresh fruits and vegetables diminishes the quality of life for low-income, rural, and urban populations in western Pennsylvania. Research shows that people want greater access to more nutritious choices. Bridgeway offers healthy food entrepreneurs a number of financing options to help them respond to this unmet demand. From outfitting corner stores with produce coolers to funding the construction of entire grocery stores in low-income areas, Bridgeway uses its resources and expertise to grow businesses that foster healthier communities.

CDFI Bond Guarantee Program

Bridgeway Capital closed a $15 million loan as part of the U.S. Treasury Department’s CDFI Bond Guarantee Program. Bridgeway was one of seven Community Development Financial Institutions (CDFIs), the largest group of bond participants in a single bond issue to date, that closed on a multi-party bond totaling $127 million. Opportunity Finance Network was the Qualified Issuer. Bridgeway has steadily increased its support of community development projects in the region. The additional resources from the CDFI Bond Guarantee Program help Bridgeway foster more impact in Pittsburgh, and in emerging markets like the Erie and Uniontown areas.

Emerging Opportunities Fund

Bridgeway Capital supports real estate developments that improve the quality of life for surrounding populations. The resulting properties become magnets for additional investments, and their planning, construction, and ongoing maintenance offer a range of economic benefits. As the need continues to grow for investments in low-income areas, Bridgeway is increasing its funding of community development projects with positive social and economic impact. Bridgeway offers financing options to help a variety of enterprises secure the capital needed to start, advance, and complete high-quality community development projects. Our strategy complements our small business development efforts, and helps improve overall economic conditions in chronically underinvested areas.

7800 Susquehanna Street

In 2013, Bridgeway Capital acquired the 7800 Susquehanna Street (7800) building with the support of the Richard King Mellon Foundation. The goal of the project is to repurpose an underutilized commercial asset into a platform for economic renewal in the Homewood community. Bridgeway is helping 7800, the tallest building in Homewood, become an economic and cultural hub for a revitalized community.

For interior renovations, Bridgeway and Ma’at Construction Group assembled a contract team with 85 percent minority contractor participation. Renovations were financed by New Market Tax Credits from the Urban Redevelopment Authority and purchased by PNC Bank. The project represents a significant investment in a chronically underinvested area of Pittsburgh, and 7800 creates a stable economic core in Homewood to attract additional investment and encourage commercial activity.

“Through this $127 million, multi-party bond, OFN Members like Bridgeway Capital can reach further into tough markets to make a real difference.”

Cathy Dolan, Chief Operating Officer
Opportunity Finance Network

BACKGROUND PHOTO
The Alphabet City Center emerges as community asset in Pittsburgh’s North Side.
As Bridgeway Capital continues to expand its impact in the region, earning a strong Aeris rating was an essential next step in the organization’s growth. A strong Aeris rating conveys the financial performance and social impact required to deepen relationships with current investors and attract new ones. Ratings are provided by Aeris, an independent analyzer of CDFI performance. Experts in CDFIs completed an in-depth examination of Bridgeway’s performance and status. They examined the loan files, lending process, portfolio, financial history, and mission impact. Bridgeway earned an AA 2 rating, the second-highest rating possible with Aeris. We understand that the real implications of the AA 2 rating are evidenced in the success of our clients.
2015 Impact

Regional

122 loans
$21.5 million in loans

565 new jobs created or preserved

31 loans to African American–led enterprises
37 loans to women-led enterprises

Uniontown Office

17 loans
$2.0 million in loans

Erie Office

16 loans
$2.1 million in loans

Pittsburgh Office

89 loans
$17.4 million in loans

Cumulative Impact

1,000 loans representing $118 million to 366 woman-led nonprofits
$14.4 million to 264 African American–led enterprises
$31.3 million in Urban Entrepreneur loans*
$226,391 in Urban Entrepreneur loans*

To view the full report visit: www.bridgeway2015report.org

The team from Ma’at Construction Group

Homewood-based businesses led renovations at Bridgeway’s 7800 Susquehanna Street.