

A young girl with dark skin and braided hair is blowing bubbles. She is holding a blue wire bubble wand. Several bubbles are visible in the air around her face. She is wearing a white t-shirt with a blue and red graphic. The background is a blurred green field.

WHAT DRIVES YOU?

2016 ANNUAL REPORT

ON THE ROAD LENDING
ON THE ROAD SUSTAINABILITY FUNDS





MICHELLE CORSON

LETTER FROM OUR FOUNDER



Inner drive exists in all of us, but some of us have an easier path. It could be as simple as the ZIP code of your first neighborhood. Perhaps you were fortunate enough to be born to parents who had good jobs, were healthy or knew the value of a good education. But if you grew up poor or abused, making positive things happen requires an added dimension of grit, which is something our clients have in abundance.

Breaking out of poverty or getting away from abuse requires another kind of drive—the literal act of driving. Reaching a better job, completing a degree, buying healthier food all require one important thing—access. How tragic it is to yearn for these things and not be able to accomplish them because you simply cannot get there.

We reached some of our own goals at On the Road Lending in 2016. We formed a significant partnership with Toyota, whose values closely mirror our own and who is committed to improving the lives of people in our region. We formulated a groundbreaking public/private partnership with the City of Dallas to raise \$15 million in the green bond market to make funds available next year to lift 1,000 Dallas residents out of poverty, making a dent in our region's poor air quality at the same time. The volume of weekly calls from people seeking to join our program tripled this year, and our loan fund got more people into cars this year than the previous two years combined.

Both our funders and our clients are similarly determined to make a difference, whether by making different choices in their own lives or making an impact on the lives of others. The stories in this report illustrate how beautifully these two intersect, leading to better cars, better jobs and better lives!

Michelle Corson

Founder On the Road Lending / Managing Director Loan Fund Entities



**YEARNING TO
MAKE A DIFFERENCE**



Doers are people who are rarely content with the way things are. They see things that others don't see and make the world better. They are driven by a passionate instinct to improve the lives of others. It's human nature to want to live our best life, our most meaningful life. We want this for our children, our neighbors and ourselves. We want to lessen our burdens and increase our time to experience joy. This drive informs our existence and shapes who we are.

At On the Road Lending, we know a bit about drive. The people who support our work—whether through impact investment in our On the Road Sustainability Funds or charitable gifts to On the Road Lending—are driven to partner with us for a variety of reasons. Women who remember the days not so long ago when they couldn't get a loan without a husband or father co-signing are driven to support us to help women build assets and credit. Philanthropists who care about eradicating poverty are driven to support us because 82% of our clients get promotions and raises, providing opportunity for their families to gain economic mobility. Government entities who care about protecting the health of their citizens by improving air quality are driven to support us because the cars our clients are buying are 35% better for the environment than the old, inefficient cars they used to own.

By leveraging the drive of our supporters, we have created a way to get our clients into the fast lane. Through affordable loans on reliable cars—paired with long-term financial mentoring through the life of their loans—our clients are on the road to better lives.

Bertram is a Vietnam veteran who has suffered for many years with PTSD, depression, and drug and alcohol abuse. He's been working with the Salvation Army to find support, employment and a safe and stable place to call home. With a master's degree in Theology, he had an opportunity to work in the ministry. But without reliable transportation, getting to his new job and fulfilling his work obligations was going to be impossible. With an affordable loan and his new car, Bertram is back on track!



BERTRAM





JAN

Jan had an unreliable car that often left her stranded in the heat on the way to work or doctor visits for her son who has special medical needs. Since getting her new car, she has had perfect attendance at work, which led to a promotion. She also was able to go back to school and is pursuing her bachelor's degree in Business Administration. She will also finish her master's degree in Biology before the end of the year.

"You just don't know how appreciative I am of you all," Jan says. "Honestly not having to worry about my car breaking down, being late to work, not worrying about how I'm going to get places in this heat, especially with Jayden and his doctor visits—I'm grateful to be amongst the many women you chose to help. I'm really lost for words."



Sandra, a single mother with a two year old and a 17 year old, had a high-mileage older vehicle plagued with constant costly repairs. When she came to us, she no longer had a car, and her son was giving her rides from their home in Jubilee Park to her job in Plano. Like many of our clients, Sandra couldn't believe we would take a chance on her and was afraid that our program was too good to be true. We worked through her fears by providing guidance and financial education and helped her select a nearly new Toyota Corolla. Now Sandra is a firm believer in On the Road Lending.

"It didn't hit me until I got behind the wheels of the car," she says. "I broke down and cried my eyes out just knowing I would be able to get to work on time and not lose my job. Having a car is peace of mind. Thank you, again!"



SANDRA





THE FISHER FAMILY

Our community partners asked us to find a transportation solution for their most vulnerable clients. Our new Keys to Empowering Yourself (KEY) provisional transportation collaboration offers temporary vehicles and intensive financial coaching for people who are new to the area or do not have steady employment history. The Fisher family is one of our first KEY program clients. They moved to Dallas from Denver after being laid off from their jobs. They found temporary work but had to borrow money to make ends meet. After Glenn got a full-time job, they qualified for the KEY program. Now Cherry works days and Glenn nights so they can save on childcare. With guidance from our financial mentoring program, they are on a solid path to improving their financial position.





ON THE ROAD LENDING INITIATIVE



Champion Impact Capital, On the Road Sustainability Funds and On the Road Lending are legally separate entities that collaborate to achieve a shared goal—helping low- to moderate-income people build economic mobility by overcoming transportation barriers.



On the Road Lending is a 501(c)(3) nonprofit partner that makes the initiative a success both financially and socially. Unlike subprime auto lending, where borrowers are financed exclusively on credit scores and purchase and finance their car the same day, On the Road Lending works with clients before they get their car and throughout the life of the loan.



On the Road Sustainability Funds is a family of impact investment funds that provides affordable loans to clients of On the Road Lending. Our first fund is OTR Fund I, LLC, a social-purpose private equity fund. Investors include individuals, corporations, foundations and institutions that may earn an annual preferred return. A second fund, OTR Fund II, LLC, will be created to house the assets of the \$15 million green revenue bond partnership with the City of Dallas.



Champion Impact Capital develops creative, impactful public-private partnerships to sustainably invest in the long-term social and environmental health of communities. Champion created the On the Road Lending initiative to address the need for low- to moderate-income working people with credit challenges to obtain affordable loans to purchase fuel-efficient, reliable transportation. The underlying social purpose is to enable people to find and retain good employment, avoid predatory lending, and build healthier lives as a function of being able to access good food, seek preventative or emergency health care, reduce stress, and increase access to social networks. Champion serves as an advisor to the other entities on financing and strategic growth opportunities.



**INVESTING FOR
THE GREATER GOOD**



GREEN BONDS

Texas does not comply with federal air quality standards. To scale the reach of the On the Road Lending initiative, which provides a way for working families to purchase environmentally beneficial vehicles, Champion has been working with the City of Dallas on a public/private partnership to issue \$15 million in green revenue bonds. This will be the first green bond issuance in North Texas and will help 1,000 low-income Dallas residents obtain reliable transportation by offering a low-interest loan, coupled with long-term support. The issuance will bear a green label because the cars our clients are purchasing are 35% better for the environment than the ones they were driving before, with reductions in greenhouse gas emissions and improvements in fuel efficiency. We also expect that some people will be able to purchase hybrids and electric cars. Our partnership with Toyota will help us more effectively serve the large number of clients helped through green bonds.

TRIPLE BOTTOM LINE RETURN

Traditionally investors have sought companies or projects that generated a financial return calibrated to their expectations of risk and reward. The idea of impact investing layers in an added expectation that dollars invested will also include an intention to generate additional impact along with a financial return. In the case of On the Road Lending, the triple bottom line return includes financial, social and environmental returns.



MEASURING OUR RESULTS



SOCIAL IMPACT

We measure social impact through client surveys. Our goal is to help working families obtain below-market financing for reliable cars so they can get to their jobs, avoid predatory lenders, and live healthier, less-stressful lives. Highlights of the most recent survey include:

100%

reported their lives are **healthier** and **less stressed** today because they have reliable transportation.

80%

are **paying bills on time** more often and felt that On the Road Lending provided the resources to make better financial decisions.

85%

reported **reductions in maintenance, gas and interest expenses** improved their finances.

82%

of clients have earned **better jobs, raises, or promotions.**

95%

felt safer and had an easier time doing things because of their car.

50%

reported the **ability to save money** as a result of their involvement in our program.

ENVIRONMENTAL IMPACT

35%

improved environmental impact compared to the vehicles they previously drove.

FINANCIAL IMPACT

3%

return paid to investors each year of our existence.

2016 FINANCIALS

ON THE ROAD LENDING NONPROFIT

2016 INCOME

Individual Gifts	\$80,000
Foundation Gifts	\$745,000
Loan Fund Fees	\$50,000
TOTAL INCOME	\$875,000

*\$450,000 of grants to be used for 2017 programs

2016 EXPENSES

Programmatic	\$263,000
General	\$137,500
TOTAL EXPENSES	\$400,500

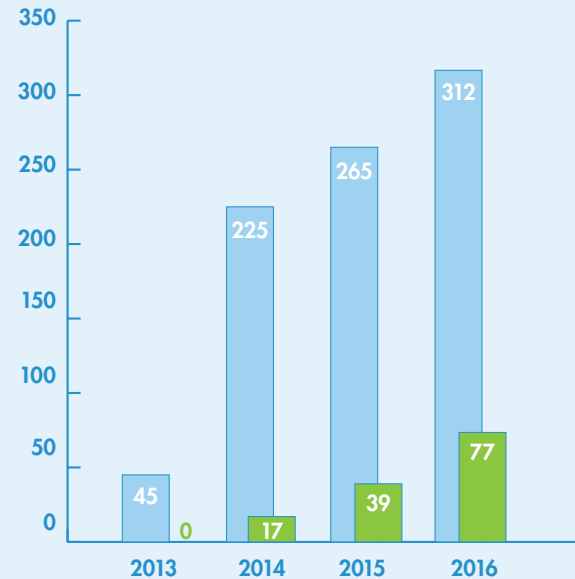
OTR FUND I, LLC

Auto Notes Receivable	\$728,000
Other Loans Receivable	\$487,000
Available Cash	\$495,000

OTR FUND II, LLC

Bond Proceeds*	\$15,000,000
----------------	--------------

*Expected issuance 1st quarter 2017

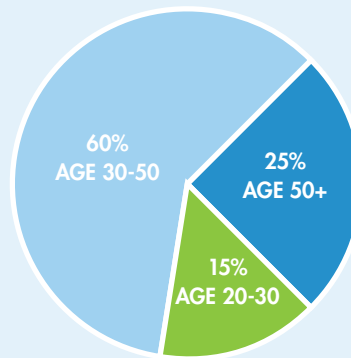
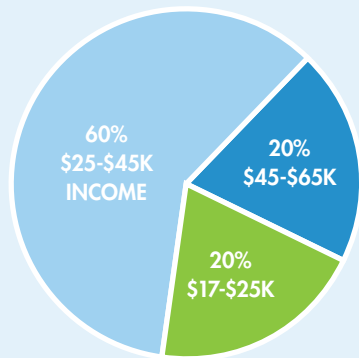
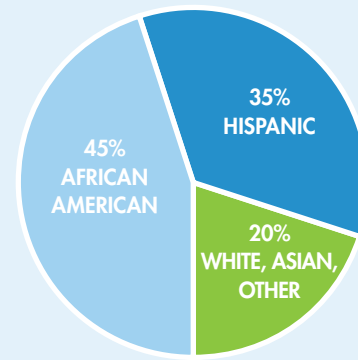
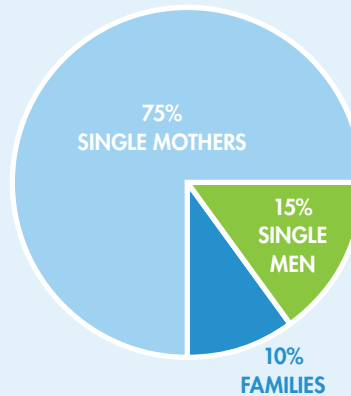
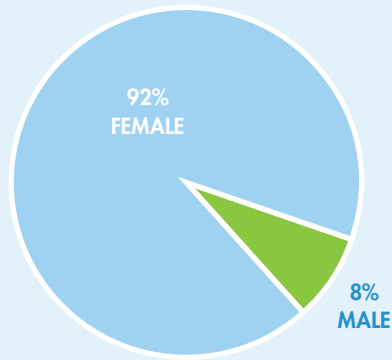


CLIENTS SERVED [ANNUALLY]
CLIENT LOANS [CUMULATIVE]

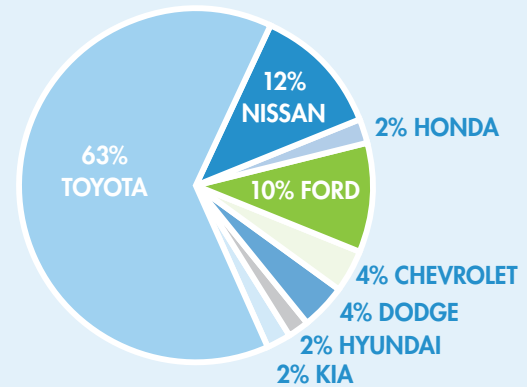
LENDING CAPACITY
THROUGH GREEN BOND
=
1,000 CLIENTS

OUR CLIENTS

Since our first fund began helping people in January 2014, we have only experienced two defaults and minimal losses. Market rate subprime auto lenders, who charge borrowers as much as 27% interest, typically have default rates as much as 35%.



OUR CARS





MARY BURNETT
CHIEF OPERATING OFFICER



THANK YOU TO OUR PARTNERS

Our nonprofit On the Road Lending, led by Mary Burnett, works with a wide variety of groups to source clients and provide car selection services, comprehensive financial services and shared case management. These include agencies offering structured financial education, credit cleanup, matched savings programs, family violence victims' services, and programs addressing the needs of low-income individuals in the community. These partners truly help our clients get on the road to new lives.

PARTNER AGENCIES

Behind Every Door Ministries
Catholic Charities of Dallas
Catholic Charities of Fort Worth
CitySquare
Communities Foundation of Texas
Dallas Housing Authority
Frazier Revitalization
Genesis Women's Shelter
Habitat for Humanity
Interfaith Family Services

Jubilee Park
Metrocrest Services
New Friends New Life
Safe Haven
Salvation Army
The Family Place
Transformance
United Way of Metropolitan Dallas
Vickery Meadow Learning Center
WiNGS Dallas

PARTNER CAR DEALERS

Toyota of Richardson
Central Autohaus
Grapevine Ford
Honda of Katy
Lute Riley Honda
Richardson Chrysler Jeep Dodge Ram



BOBBY LYLE
INVESTOR



“On The Road Lending has a positive, multigenerational impact on people’s lives. With access to affordable, reliable automobiles, working moms and dads are given back time they would otherwise spend traveling from home to work and back on public transportation—a commute that is often more than two hours per day. That represents found time they can spend with their children who need their presence, guidance and direction. This can make a huge difference in our community, one family at a time, creating independence and hope rather than hopelessness. This program is a great concept that works. I’m proud to support On the Road Lending and applaud the great work of the team.”

—Bobby B. Lyle, *Founder & Chairman, Lyco Holdings Incorporated*

A CAR
IS FREEDOM



ON THE ROAD LENDING AND LOAN FUND TEAM

Michelle Corson

*Founder On the Road Lending,
Managing Director Loan Fund Entities*

Mary Burnett

Chief Operating Officer On the Road Lending

Thomas J. Firnhaber

Chief Compliance Officer Loan Fund Entities

Karen Woodcock

Client Coach On the Road Lending

Lindsay Hoffman

Special Projects On the Road Lending and Loan Fund Entities

Shaylon Scott

Program Outreach Coordinator On the Road Lending

Linda Dixon

Partner Liaison On the Road Lending

Bonnie Thomas

*Portfolio Manager and Closing Coordinator
On the Road Lending and Loan Fund Entities*

Sonia Molina

*Intake Specialist and Executive Assistant
On the Road Lending and Loan Fund Entities*

MARKETING

On the Road Lending and Loan Fund Entities

Lauren Christensen

Sarah Miller

Sally Giddens Stephenson

John Sutton

ON THE ROAD LENDING GOVERNING BOARD

Michelle Corson, Founder

Trent Petty, Chair

Eric Hansen, Vice Chair

Jay Altizer, Treasurer

Bradley P. Wilson, Secretary

Dr. David Chard

Maria Coello

Peter DeTrempe

Cynthia Pharr-Lee

Brian Shultz

Paula Stein

ADVISORY BOARD

Tony Apollaro

Senator David Cain

John Castle

Florencia Velasco Fortner

Pat Alexander Hutton

Alfreda Norman

Aaron Satterthwaite

Becky Sykes

OTR FUND I, LLC AND

ON THE ROAD SUSTAINABILITY FUNDS BOARD

Brittany Byrd

Michelle Corson

Florencia Velasco Fortner

Alonzo Harris

Alfreda Norman

Aaron Satterthwaite

Lynne Scroggins

Patsy Shockley

ADVISORS

LEGAL Jackson Walker

FINANCIAL Wagner Eubank Nichols

STRATEGY Champion Impact Capital

MAJOR FUNDERS

Communities Foundation of Texas

The Dallas Foundation

The Heglund Foundation

ORIX Foundation

Perot Foundation

Sapphire Foundation

State Farm Foundation

South Dallas/Fair Park Trust Fund

Toyota Motors North America

TurningPoint Foundation

United Way of Metropolitan Dallas

Wells Fargo Foundation

INVESTORS

Peggy Allison

Lucy Billingsley

Michelle & Larry Corson

Dain Ehring

Julia Harvey

Forrest Heglund

Trish Houck & Lyssa Jenkins

Albert Huddleston

John Hudspeth

Sharron Hunt/SLH Corp.

Inwood National Bank

Dana Juett/Sapphire Foundation

Melody & Lane Kramer

Bobby Lyle

Cynthia Pharr-Lee & Albert Lee

Judy Ruby-Brown

Barbara & Gene Sanger

Lynne Scroggins

Patsy Shockley

Thomas Heritage Foundation

Abby & Todd Williams

*A car is
Freedom!*



BETTER CAR BETTER JOB BETTER LIFE

Join us and help close the wealth gap in Texas.

Learn more at ontheroadlending.org