

# B-CORPORATION

## A Unique and Attractive Structure

Clearinghouse CDFI (Clearinghouse) uses a unique structure as a for-profit B Corporation (B Corp) to challenge profit maximization concepts prevalent in the industry and create value for communities.

As a result of a successful 12 months, Clearinghouse has raised a significant amount of equity from new and existing investors. Their CEO attributes this success to their B Corp status which has certainly helped to communicate their appeal. For example, Grandpoint Bank and Mutual of Omaha Bank both recently invested \$500,000 in equity after recognition that the organization's B Corp status was the right balance between a solid investment and giving back to the community. Even if companies did not solely invest because of this structure, it helps deliver a clear and consistent message about who Clearinghouse is and what they offer.

On Clearinghouse's website, a B Corp is defined succinctly as follows:

*B Corps are socially and environmentally sustainable companies that have been certified by the non-profit B Lab as meeting high levels of performance, accountability, and transparency.*

With the following statistics, it is not hard to see a smart structure and clear value proposition can lead to high impact in communities. Clearinghouse publishes a summary of key statistics on their website as follows:

- 1M Individuals Served Annually
- \$1.2B in Total Lending
- \$473M in NMTC Allocation Deployed
- 6,000 Affordable Housing Units Created
- 12M Square Feet Developed or Preserved
- 13,800 Jobs Created or Retained

According to Clearinghouse's CEO, Douglas J. Bystry, "In many ways being a B Corp makes us unique in and

among the CDFI industry. As a B Corp we have been introduced to a number of like-minded companies that think and act like we do. Having that common goal is a tremendous opportunity to work together."

Clearinghouse is methodical about measuring and communicating the impact they are making. They produce an annual impact report that goes out to their shareholders and supporters. It highlights everything from jobs created to affordable housing units financed. It is comprehensive and a great tool for focused and continuous reporting.

Clearinghouse with a market leading structure for success and significant measuring and reporting of impact

makes the right decisions about investments. CEO Douglas J. Bystry says, “We balance prudent investment with community benefit through sound underwriting of loans. Our underwriters evaluate both financial risk as well as community benefit on every loan we consider.”

Prudent investment has supported another unique facet to Clearinghouse’s success, a strong S&P rating. Receiving a strong S&P rating is another way to communicate responsible management and success to the organization’s stakeholders. It underscores Clearinghouse’s stated goal of being prudent managers of capital and demonstrates their commitment to long-term growth and profitability. CDFIs struggle daily between running the business aspects of their organization while staying true to their mission. Clearinghouse is excelling in business and progress towards their mission.

In closing Douglas offers, “We have always said to shareholders, community organizations, and the CDFI industry that we believe community development lending, when done properly, can and should be both profitable and impactful.”

Even if it is not realistic for your CDFI to organize under a different structure or pursue an S&P rating, finding a balance between financial stability and growth and community impact, and measuring both consistently, is a good place to begin. 🏠

CLEARINGHOUSE CDFI IS PROUD TO BE A CERTIFIED B CORP. OUR COMMITMENT TO “B THE CHANGE” IS NATURAL AS A MISSION-BASED CDFI. AS A B CORP, WE AIM TO TRANSCEND TRADITIONAL NOTIONS OF BUSINESS SUCCESS: MAXIMIZING PROFITS AND MAXIMIZING RETURNS TO PEOPLE AND THE PLANET. FOR MORE INFORMATION, GO TO [WWW.CLEARINGHOUSECDFI.COM](http://WWW.CLEARINGHOUSECDFI.COM).



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