

WELL Fund Annual Report: Outcomes and Impact

July 1, 2022--June 30, 2023

The Washington Early Learning Loan (WELL) Fund launched in January of 2020 as a public and private funding partnership between the WA State Department of Commerce, the Ballmer Group, the Bill and Melinda Gates Foundation, the Seattle Foundation and other private capital, that supports the expansion and development of new early learning facilities for children and families in Washington. This unique capital allows Enterprise to provide low-cost flexible lending, grants, and technical assistance to early learning providers across the state. The fund has since expanded to include additional funding from King County, the Ballmer group and other private capital sources.

The WELL fund has produced significant success despite the dramatic and emergent needs facing communities due to increase project costs and economic challenges. While our state is still seeing lasting impacts of this pandemic, the WELL Fund continues to strengthen its funding approaches and programmatic systems and serves as a key complimentary funding source within the ecosystem of early learning facilities. Our flexible granting systems, affordable lending practices, and deep technical supports have delivered continued success and unique impacts across Washington State. The following pages include key WELL Fund impacts and outcomes between July 1, 2022, through June 30, 2023.

Key WELL Fund outcomes include:

1. Advancing Racial Equity:

Since launching, the WELL Fund prioritizes using a Racial Equity approach in all outreach, technical assistance, pipeline, and funding awards. This has led to the following outcomes:

- Intentional outreach to providers of color, programs which include leadership of color, or Black, Brown, Indigenous identifying owned businesses. Focused outreach includes engaging with community-based early learning coaches that work with providers to improve quality of care and community-based networks of BIPOC early learning providers.
- Currently, over 60% of pipeline are BIPOC lead or owned organizations, which includes over 100 organizations. These are projects at different stages of readiness and are actively seeking support and funding from the WELL Fund. Of the 40 funded

projects, 57% are BIPOC led or owned businesses and organizations. Many of the pipeline and funded projects have articulated approaches to providing culturally competent care to children and families.

- All pipeline and funded projects serve diverse communities: low-income communities, communities of color, multiethnic, multilingual, multi-religions communities, and children with special needs, children who may be experiencing homelessness, and children who are in foster care.
- 100% of the pipeline and funded projects serve low-income communities by accepting state subsidies such as Working Connections Child Care (WCCC), Early Childhood Education & Assistance Program (ECEAP), Head Start, or other local subsidies.

Example of impact outcomes- Advancing Racial Equity:

In order to build community capacity and increase opportunities for BIPOC providers to expand and grow their business, Enterprise Community Partners will launch an Emerging Provider Cohort. This cohort will consist of family childcare providers or community-based organizations who have goals of opening their own licensed childcare facility. This programming was borne from the WELL Fund's ever-growing pipeline of projects throughout the state. While all pipeline projects received technical assistance based on project needs, many providers desired deeper, ongoing training opportunities especially for BIPOC owned and operated projects early in the development processes. Emerging Providers will access one-on-one trainings where they can build skills and understanding on the following topics: phases of facilities development and construction, building financial analysis and capital stacks, funding timelines, choosing the right development partners and more. Emerging providers are majority BIPOC, women, immigrant owned and operated organizations that reflect the communities they serve.

2. Providing Meaningful Technical Assistance:

Technical assistance is crucial to the success of this program. Early learning providers are skilled educators, small business owners, and community hubs. For new and emerging providers, and those who have not engaged in development, taking on a real estate development project in addition to everything they do requires strong partnerships and trusted, thorough advice at multiple stages of project conception and development. The WELL Fund provides pipeline and funded projects with technical assistance in the following subjects:

- Early Learning TA: Licensing procedures, curriculum development, quality supports for children and families, and connection to necessary early learning supports (DCYF, EA, other Funding sources, resources, other partnerships)

- Real Estate Project TA: development, construction, tenant improvements, timeline, permitting, and design.
- Finance TA: Developing and improving budgets and pro-formas in anticipation to financing, identifying additional leverage sources, and structuring multiple finance sources effectively.
- Mixed-use TA: Finance, operations, design, and structuring for developments that include both housing and early learning.
- Funded projects especially grant recipients are currently receiving project management support to ensure projects move along smoothly and receive support should any challenges arise.
- Wrap-around technical assistance that often begins months prior to a lending or grant application and lasts through the life cycle of both short- and long-term grants and loans.

Example of impact outcomes-Technical Assistance:

In the last year, the WELL Fund awarded several construction grants for shovel ready projects. To ensure that these projects moved forward successfully, WELL Fund deployed additional one-on-one supports in the form of project management. Expert consultants in facility development worked with several grantees this past year who were in need of more hands-on TA for their ongoing construction projects. At no cost to the grantee, these experts provided technical assistance in the form of:

- Evaluating and managing project budget(s), including responding to budget amendments and tracking funding sources and uses to ensure project stays within the scope, budget limits, and within funding requirements.
- Help manage and facilitate partnerships and communication between several project leads such as architect(s), city official(s), contractor(s) and others involved in the project.
- Evaluate and manage project timeline to help mitigate any unforeseen delays.
- Work directly with city or government officials to manage permitting.
- Provide advocacy and representation for the grantee to ensure vision and scope of the project stays intact and is honored throughout the many changes that a project may face.

3. Investing Flexible, Leveraged Funding:

To date, the WELL Fund is the only entity that provides both lending and grant opportunities specifically for early learning providers in Washington state. Examples of how the WELL Fund offers nimble funding opportunities include:

- The unique mix of both state and private funding sources allows the WELL Fund to blend funding for projects in order to provide below market interest rates, flexible terms, and opportunities for financing for high-risk projects and borrowers.
- Many WELL Fund grantees faced significant delays, and the WELL Fund met their needs with flexibility and understanding by providing several extensions on projects that needed more time to complete, connections to outside key partners, and continued TA. These rises in costs and supply chain delays are a clear result of the post pandemic economic challenges communities are facing, and the WELL Fund has adapted to address and alleviate these unforeseen challenges.
- The WELL fund provides financing opportunities on a rolling basis. That means the resources are always accessible, not constrained by strict RFP timelines, which hinder participation by some providers and limit the timing of funding availability.
- Enterprise Community Partners and the WELL Fund is currently managing the \$15 million Puget Sound Taxpayer Accountability Account (PSTAA) Early Learning Facilities Fund. The fund will support the expansion and creation of early learning centers in the county with a focus on underserved communities over the next five years. By continuously leveraging and incorporating new public and private resources, the WELL Fund can build off a proven infrastructure to help steward public resources effectively and efficiently.

Example of Impact Outcome: Flexible, Leveraged Funding:

In the past year, WELL Fund project data showed that some projects facing multiple challenges were getting stalled, sometimes indefinitely. Projects that faced a combination of challenges such as limited budgets, funding restrictions, and rises in projects were at higher risk of these significant delays. Two projects in particular faced these challenges, and both were ELF grant recipients and planned on pursuing WELL Fund financing to fill project costs gaps. Since constructions costs were covered for these projects, front-end cash flow was necessary to begin key predevelopment work on these projects. To avoid any stalling on otherwise shovel-ready projects the WELL Fund matched pre-development grants funds alongside construction WELL loans for these two projects. Predevelopment grant dollars were deployed to support early feasibility work such as predesign expenses, site evaluations, and permitting costs. These dollars were key in moving these projects forward before other construction focused grant dollars stepped in. Without the flexibility of matching of a grant with a loan, these two projects may have stalled indefinitely as predevelopment costs can rise significantly into the hundred of thousands of dollars.

Program Model:

The WELL Fund is a partnership comprised of Enterprise Community Partners and the Washington Community Reinvestment Association (WCRA) and Craft3. WCRA and Craft3 are built to provide lending to providers using WELL Fund dollars and their own

private capital. There is a memorandum of understanding (MOU) in place to ensure WELL Fund dollars are used accurately and affectively for loans and grants to early learning providers. The WELL Fund can provide loans and grants in the form of:

- Real estate loans to develop or increase capacity in early learning centers
- Small business loans to upgrade facilities or equipment
- Startup loans to create new early learning centers
- Technical Assistance grants for facility predevelopment



2022-2023 Total Funding Awards and Outcomes

July 1, 2022, through the end of June 2023 saw an increase of both funding and programmatic outcomes for the WELL Fund. To date, the WELL Fund has successfully awarded \$12,185,817 dollars in both loans and grants. This is broken down between loans and grants in the table below:

Total Funded	Total in Loans	Total in Grants
\$12,185,817	\$8,005,190	\$4,180,627

WELL Fund total awarded amount broken down between funding sources:

Total Funded	Total in Dep. of Commerce Funding	Total in Private Funding Match
\$12,185,817	\$5,091,037	\$7,094,780

Breakdown: WELL Fund Loans and Grants:

Total closed Loans and Committed dollars: **10**

- 1 Predevelopment Loan
- 2 Construction Loans
- 3 Permanent Loans
- 3 Acquisition Loan
- 1 Tenant Improvement Loan

Total amount of grants awarded: **38**

Types of funded projects:

- 24 Licensed Child Care Centers
- 3 Licensed Family Child Care Providers
- 7 Affordable Housing Organizations partnering with EL providers
- 4 emerging providers*
- Includes both rural and urban geographic spread

***Emerging Provider:** An early learning provider opening their first childcare center/facility*

Additional Breakdown of Types of Grants:

- 12 COVID-19 Emergency Renovation Grants
- 19 Predevelopment and Feasibility Grants
- 5 Construction and Renovation Grants
- 1 Renovation Design Support Grant
- 1 Capacity Building Grant:
 - Grant to support the Symposium on Design for Early Learning: a partnership program that connects professionals in design fields with early learning practitioners, administrators, and educators.
- 2 Predevelopment Grants paired with WELL Loans
 - Designed to help provide early funding to pay for feasibility and predevelopment work necessary to move project forward before other funding sources became available.

Currently Funded Projects

- ❖ Funded **40** different programs and organizations with both loans and grants. These programs include **family in-home childcare programs, childcare centers, and affordable housing organizations partnering with early learning providers.**
- ❖ These **40** different programs will produce an estimated: **170 new early learning classrooms with 2,739 new childcare slots throughout the state of Washington. Of these slots, approximately 2,047 will be slots dedicated to working connections subsidy and state ECEAP slots.**

The following pages will list all the funded projects separated between loans and grants. Lists will include organization name, location, legislative districts, the type of funding and amount. The table also includes how each project meets state eligibility criteria according to RCW 43.31.581.

Funded Projects: Loans

Organization Names	City	LD	Impact: # of Classrooms	Impact: # of EL Slots	Impact: # of ECEAP Slots	Impact: # of WCCC Slots	Type of Loan	Total Loan Amount	Total Dep. of Commerce Amount	Total Private Funding Match	A description of how the projects met the criteria described in RCW 43.31.581
Primm ABC	Seattle	37th	6	100	61	39	Predevelopment Loan	\$150,000.00	\$150,000.00		a, b, d,h
							Construction Loan	\$916,428.00	\$800,000.00	\$116,428.00	
							Permanent Loan	\$916,428.00	\$351,875.00	\$564,553.00	
Multicultural Child & Family Hope Center	Tacoma	27th	18	240	140	100	Acquisition Loan	\$555,000.00		\$555,000.00	a,b,c,d,e,h
A 4 Apple	Seattle	37th	3	55		25	Tenant Improvement Loan	\$199,950	\$199,950		b,d,h
Lumen Public Schools	Spokane	5th	7	80		80	Construction Loan	\$250,000.00		\$250,000.00	b,c,e,g,h
Smokey Point ELC	Marysville	38th	8	124	20	88	Construction Loan	\$1,171,972.00		\$1,171,972.00	a,b,c,e
							Permanent Loan	\$2,193,412	\$842,347.00	\$1,351,065.00	
Meadow Early Learning Center	Seattle	TBD	4	54	TBD	30	Acquisition Loan	\$752,000.00	\$752,000.00		b, c, d, f, e
Denise Louie Education Center	Seattle	37th	4	92	30+	30+	Acquisition Loan	\$900,000.00	\$451,000.00	\$449,000.00	a,b,c
			(estimated)	(estimated)	(estimated)	(estimated)					
TOTALS:			50	745	221	362		\$8,005,190	\$3,547,172	\$4,458,018	

Definitions:

Predevelopment Loan: Financing to cover a variety of development expenses incurred while determining the feasibility of an early learning facility such as: design/architectural, engineering, permitting, appraisals or other fees or soft costs

Acquisition Loan: Financing to purchase a specific asset, such as land, property, building or currently leased space. Property will be acquired to build new or expand existing childcare facilities.

Construction Loan: Financing to help make improvements to an owned space where the early learning center is operating. This could cover any renovation needs, upgrades needed to operate early learning center, or ground up construction.

Tenant Improvement Loan: Financing to help make improvements to a leased space where the early learning center is operating. This could cover any renovation needs or upgrades needed to operate early learning center.

Permanent Loan: Financing (typically longer term) for early learning facility projects that can either replace a construction loan, and/or help finance operational and startup costs.

Loan Details:

The WELL Fund strives to ensure loan terms are flexible and low-cost for all our borrowers. The following table provides de-identified details about our closed loans:

Loans Utilizing Dep. of Commerce Funding:

Minimum Length of Loan	Maximum Length of Loan	Lowest Interest Rate	Average Interest Rate	Maximum Interest Rate
12 months/1 year	21 years	0%	0.43%	0.5%

Funded Projects: Grants

Organization Names	City	LD	# of Classrooms	# of EL Slots	# of ECEAP Slots	# of WCCC Slots	Loan or Grant Type	Total Loan or Grant Amount	Commerce match amount (Public)	Total Private Match	A description of how the projects met the criteria described in RCW 43.31.581
Tiny Tots Development Center	Seattle	37th	6	84	TBD	84	Predevelopment Grant	\$20,000.00		\$20,000.00	a, b, c, d, f, g, i
Denise Louie Education Center	Seattle	37th	4	64	TBD	64	Predevelopment Grant	\$20,000.00		\$20,000.00	a, b, c, d, f, g, i
Olympic Community Action Program (OlyCAP)	Port Townsend	24th	2	40	TBD	30	Predevelopment Grant	\$50,000.00	\$10,000.00	\$40,000.00	a, b, d, e, g, h
Multicultural Child & Family Hope Center	Tacoma	27th	18	249	149	100	Predevelopment Grant	\$50,000.00	\$10,000.00	\$40,000.00	a,b,c,d,e,h
Bertha's Daycare	Yakima	14th	5	56	25	20	Predevelopment Grant	\$50,000.00	\$10,000.00	\$40,000.00	a ,b, c, e, g, h
Bellwether/EYFO	Seattle	37th	7	138		103	Predevelopment Grant	\$50,000.00	\$10,000.00	\$40,000.00	a,b ,c, g, h
LIHI-REWA	Seattle	37th	5	100		75	Predevelopment Grant	\$50,000.00	\$10,000.00	\$40,000.00	a, b, e, g
West African Community Council	Seattle	37th	10	200	180	15	Predevelopment Grant	\$30,000.00	\$10,000.00	\$20,000.00	a,b,c,d,g,h

							COVID-19 Renovation Grant	\$100,000.00	\$100,000.00		
Sahra Osman	Seattle	46th	1	12		12	Predevelopment Grant	\$15,000.00	\$10,000.00	\$5,000.00	b,c
The Children's Center @ Burke Gilman Gardens	Seattle	46th	3	50		20+	Predevelopment Grant	\$20,000.00	\$10,000.00	\$10,000.00	b,f,g,h
Voices of Tomorrow	Seattle	37th	3	60	20	TBD	Predevelopment Grant	\$38,000.00	\$28,000.00	\$10,000.00	a,b,c,h
Ilhan Home Daycare	Kent	47th	2	12		12	Predevelopment Grant	\$39,000.00	\$29,000.00	\$10,000.00	b,c
Hidaya Family Child Care	Seattle	46th	1	12		12	Predevelopment Grant	\$30,000.00	\$15,000.00	\$15,000.00	b,c
Inspire Kids Early Learning Center- Nasteha Muse	Tukwila	33rd	3	57	TBD	57	Predevelopment Grant	\$10,000.00	\$10,000.00		a, b, c, e
							COVID-19 Renovation Grant	\$207,000.00	\$100,000.00	\$107,000.00	
Cooks Hill Community Childcare Center	Centralia	20th	3	65		65	COVID-19 Renovation Grant	\$100,000.00	\$100,000.00		a,b,c, d,g

United Indians of All Tribes	Seattle	7th	1	30	24		COVID-19 Renovation Grant	\$100,000.00	\$100,000.00		a,b, d,h
The Children's House	Brewster	12th	1	50		38	COVID-19 Renovation Grant	\$100,000.00	\$100,000.00		b,c,e ,g
Sauk-Suiattle Indian Tribe	Darrington	39th	2	30	15	15	COVID-19 Renovation Grant	\$180,000.00	\$100,000.00	\$80,000.00	a,b,c,d,e,g,h
WSU Children's Center	Pullman	9th	3	25	10	10	COVID-19 Renovation Grant	\$100,000.00	\$100,000.00		a,b, d,e ,g
YMCA of Greys Harbor	Hoquiam	24th	5	20	9	9	COVID-19 Renovation Grant	\$100,000.00	\$100,000.00		a,b,c,d,e,g
New Birth Center for Community Inclusion	Seattle/Sky way	37th	2	32		32	COVID-19 Renovation Grant	\$100,000.00	\$100,000.00		a,b,c,d,e ,h
Luv-N-Care	Auburn	31st	1	10		10	COVID-19 Renovation Grant	\$88,000.00	\$60,000.00	\$28,000.00	b,c,e
UW Children's Center at Radford Court/Haggard Childcare	Seattle	46th	1	15		10	COVID-19 Renovation Grant	\$40,000.00	\$40,000.00		b
Little Star School	Winthrop	12th	2	31		10	COVID-19 Renovation Grant	\$20,800.00		\$20,800.00	b,c, e,g

COVID-19 Renovation Grant --Enterprise Design Support (9 programs)	Varies	Varies	Varies	Varies			COVID-19 Renovation Grant-Design Support	\$100,000.00		\$100,000.00	n/a
Tiny Treasures	Mountlake Terrace	4th	4	61	10	37	Predevelopment Grant	\$182,000.00	\$182,000.00		a,b,d,f,h
Happy Feet Academy	Ellensburg	13th	8	112	TBD	28	Predevelopment Grant	\$199,865.00	\$199,865.00		a,b,c,d,e,h
Beacon Development/El Centro de la Raza	Seattle	37th	4	68		35	Construction Grant	\$500,000.00		\$500,000.00	b,f,g,h
Bellwether Housing/Empowering Youth Family Opportunities	Seattle	37th	5	130		35	Construction Grant	\$300,000.00		\$300,000.00	b,c,f,g,h
Community Roots Housing/El Centro de la Raza	Seattle	46th	5	88	TBD	44	Predevelopment Grant	\$100,000.00		\$100,000.00	a,b,f,g,h
Inspire Kids Early Learning Center	Tukwila	11th	3	57	TBD	57	Construction Grant	\$450,000.00		\$450,000.00	a,b,c,e,f,h
Barrientos Ryan Housing/Refugee Women's Alliance	Seattle	46th	6	108	TBD	80	Predevelopment Grant	\$100,000.00		\$100,000.00	a,b,f,g,h
Muslim American Youth Foundation	Burien	34th	4	85		85	Predevelopment Grant	\$14,500.00		\$14,500.00	b,c,e

Tiny Tots Development Center	Seattle	37th	4	42		30	Predevelopment Grant	\$47,000.00		\$47,000.00	a, b, c, d, f, g, i
LIHI/Childhaven	Skyway		4	80	TBD	80	Construction Grant	\$300,000.00		\$300,000.00	a,b,c,d,f,g,h
Redmond Ridge East Montessori - Brightonview Montessori	Redmond	45th	4	40		30	Predevelopment Grant	\$50,000.00		\$50,000.00	b,c,f
YMCA of Greater Seattle	Auburn	47th	1	14		14	Renovation Grant	\$129,462.00		\$129,462.00	b,c,e,h
TOTALS:								\$4,180,627	\$1,543,865	\$2,636,762	

A description of how the above funded projects met the criteria described in RCW 43.31.581:

- a) Projects that add part-day, full-day, or extended day early childhood education and assistance program (ECEAP) slots in areas with the highest unmet need
- b) Projects benefiting low-income children
- c) Projects located in low-income neighborhoods
- d) Projects that provide more access to early childhood education and assistance program (ECEAP) as a ratio of the children eligible to participate in the program
- e) Projects that are geographically disbursed relative to statewide need
- f) Projects that include new or renovated kitchen facilities equipped to support the use of from scratch, modified scratch, or other cooking methods that enhance overall student nutrition
- g) Projects that balance mixed-use development and rural locations
- h) Projects that maximize resources available from the state with funding from other public and private organizations, including the use of state lands or facilities

Demographics of Funded Projects:

The following data captures demographics of all funded projects:

Out of the **40** funded organizations:

- 57% (23) are BIPOC-led or Owned
- 80% (32) are Women-led or Owned
- 30% (12) provide multilingual supports or have bilingual support programming
- 52% (21) are programs that are in regions where access to childcare is limited
- 23% (9) are considered emerging providers
- 100% (40) serve low-income children and families

WELL Fund Pipeline & Geographic Spread:

The WELL Fund Pipeline currently includes **102** ongoing projects, which includes licensed childcare centers, licensed in-home family childcare, affordable housing organizations and developers, and emerging providers. Please see most recent Commerce Quarterly Report to view pipeline list of all projects.

The current pipeline and funded projects reach a total of 19 counties throughout the state. This includes programs in both rural and urban locations. To date, the WELL Fund has supported early learning centers in 19 of Washington's 39 counties, including:

- | | | |
|----------------|------------|------------|
| • Jefferson | • Pierce | • Asotin |
| • Greys Harbor | • Yakima | • Kittitas |
| • Clark | • Okanogan | • Benton |
| • Lewis | • Chelan | • Adams |
| • Whatcom | • Spokane | • Skagit |
| • Snohomish | • Franklin | |
| • King | • Whitman | |

Match: Public and Private Funding

According to requirements, funded projects must demonstrate a sufficient investment of private match dollars to public dollars. The table below demonstrates the private and public (Dep. of Commerce) funding used in loans and grants:

Dep. of Commerce Funding (Public)	Private Funding Match	Total Funded (Loans & Grants)
\$12,185,817	\$5,091,037	\$7,094,780

- The WELL Fund has reached and surpassed the required 1:1 match of private to public funding for all our deals.
- Match funding includes private and philanthropic support from the Bill & Melinda Gates Foundation and the Ballmer Group as well as an impact investment loan from The Seattle Foundation. Match also includes King County PSTAA funding as a matching source for county specific projects.
- Additionally, Craft3 and WCRA both utilize private capital from existing sources to blend into these loans creating additional private match

Case Studies:

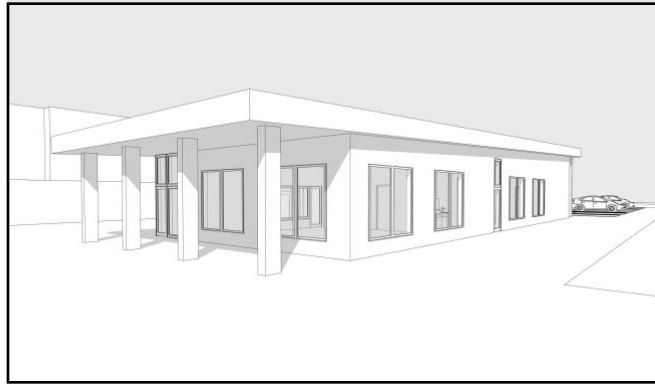
Tiny Treasures-Mountlake Terrace, WA

Tiny Treasures has been a licensed Family in-home day care for several years serving low-income Mountlake Terrace communities. Given the high needs of the area, in 2020, this provider decided to expand to a center. The team consists of the provider and her two sons who as a family have launched into the journey of facilities development and identify as an emerging provider. Tiny Treasures successfully obtained a Department of Commerce ELF grant in 2022, and began moving forward on acquiring a site to purchase and renovate into a facility.

Tiny Treasures underwent multiple attempts to find a suitable property to purchase and renovate. With the landscape dominated by major private developers the process proved difficult for a smaller provider to compete in the real estate market. It was then the team switched approaches and decided to do a ground up construction instead. In 2022, they signed a purchase and sales agreement on vacant land with plans to construct a brand new center. The WELL Fund team began working with this program in early 2022 and began providing key technical assistance around finances, cash-flow and budgeting timeline to ensure the project costs are covered in its entirety. To date, WELL Fund partner, the WCRA meets with the team every week to see how progress is going and provide ongoing supports. The WELL Fund also deployed a predevelopment grant to match a construction loan to ensure that key predevelopment work could move forward on the property prior to construction. Tiny Treasures is using these grant funds to support design work, surveys, city permitting costs and other logistics that are critical to moving the project forward.

The many challenges, delays and pivots that this project taken to achieve this dream is an example of the importance of community and family support especially with complicated projects. The family has worked together to navigate obstacles and make changes when needed, which is a testament to their creativity and perseverance. The provider has gained much experience with their project and has also shared their desire to support others in their facilities development journey. Once completed, Tiny Treasures will provide residents of Snohomish county with an estimated 78 childcare slots serving low-income children and families with high quality, culturally competent care.

Current Status: Predevelopment Phase, Construction to begin in winter 2023-2024



Inspire Kids Early Learning Center-Tukwila, WA

Inspire Kids Early Learning Center was founded by a first-generation immigrant woman in 2019. She is an emerging provider, and this will be her first multi-classroom early learning facility that she owns and will operate. The vision of Inspire Kids ELC is to create a warm and inclusive family atmosphere where all educators and families feel inspired to work together in genuine partnership focused on providing dynamic learning environments and ensure each child realizes their full potential.

Inspire Kids began its journey in 2020 when the organization received an Enterprise predevelopment grant to conduct initial feasibility studies on the site and to do community assessments to understand the childcare need in the community. The survey results showed a very high need for care but, more importantly families expressed a desire to have a culturally competent provider as the facility will be located near several affordable housing developments serving low-income east African families and refugees. In 2022 Inspire Kids ELC received a Department of Commerce ELF grant to begin their first phase of construction and in 2023 successfully obtained a King County PSTAA grant from Enterprise to complete the second phase of construction.

This project, like many others like it, has faced many challenges, delays, and cost increases. The resilience and patience to navigate these challenges is a testament to the providers entrepreneurial creativity, drive, and resilience. Many key partners provided technical assistance to this project, including Dep. Of Commerce ELF staff, Enterprise, and Craft3. Most recently, Enterprise

Community Partners provided expert consultants to deliver project management services at no cost to the provider. This project manager has ensured construction timeline and budgets stay on track and has helped to mitigate any unforeseen challenges. This key support has allowed the provider to begin their business startup efforts, such as recruitment for staff, enrollment, licensing, and continued fundraising. Construction for this project will be completed later this year and will provide the Tukwila community with 5 classrooms with 82 slots, 12 of which will be infant care slots. The majority of these slots will serve subsidy-based families. Inspire Kids ELC plans to provide the community with high quality care, advocacy, family engagement and services that reflect the lived experiences, cultural values and needs of low-income, BIPOC children and families.

Status: Under final phase of construction. Set to be complete by end of 2023.



THANK YOU!

To our funders:

Washington State Department of Commerce

Bill & Melinda Gates Foundation

The Ballmer Group

The Seattle Foundation

King County

To our Partners:

Washington Community Reinvestment Association

Craft3

To our Supporters:

All the early learning advocates, champions, and believers who continue to make our work possible.

Attachment A

This attachment addresses the following reporting requirements:

- (i) Audited financial statements or reports independently verified by an accountant showing operating costs, including a clear delineation of the operating costs incurred due to administering grants and loans under this subsection:
- (ii) Independently verified information regarding the interest rates and terms of all loans provided to early learning facilities under this subsection
- (iii) Independently verified or audited information showing all private matching dollars, public matching dollars and revenues received by the contractor from the repayment of loans, clearly delineating revenues received from the repayment of loans provided under this subsection; and
- (iv) A forward-looking financial plan that projects the timing and public funding level at which the Washington Early Learning Loan Fund will become self-sustaining and will no longer need state matching dollars to provide loans to early learning facilities. The plan must include scenarios based upon a range of state investment in the fund.

(i) Audited financial statements or reports independently verified by an accountant showing operating costs, including a clear delineation of the operating costs incurred due to administering grants and loans under this subsection:

WELL Fund-Operating Costs- Staffing and Salaries

Year	Staffing: Salaries and Benefits	Indirect Expenses	Staffing: Total Expenses
2022—2023 7.1.2022—6.30.2023	\$ 176,667.29	\$134,397.43	\$311,064.72

Year	Indirect Expenses
2022 7.1.22—12.31.22	\$68,074.24
2023 1.1.23—6.30.23	\$66,323.18

Note: Above staffing costs include multiple funding sources: state and private funding sources

WELL Fund- Operating Costs: Administering Grants and Loans

Costs Incurred from Grants	\$ 10,450.00
Costs Incurred from Loans	\$ 4,632.00

(ii) Independently verified information regarding the interest rates and terms of all loans provided to early learning facilities under this subsection; and

and

(iii) Independently verified or audited information showing all private matching dollars, public matching dollars and revenues received by the contractor

From the repayment of loans, clearly delineating revenues received from the repayment of loans provided under this subsection;

Names of borrowers have been de-identified for confidentiality purposes:

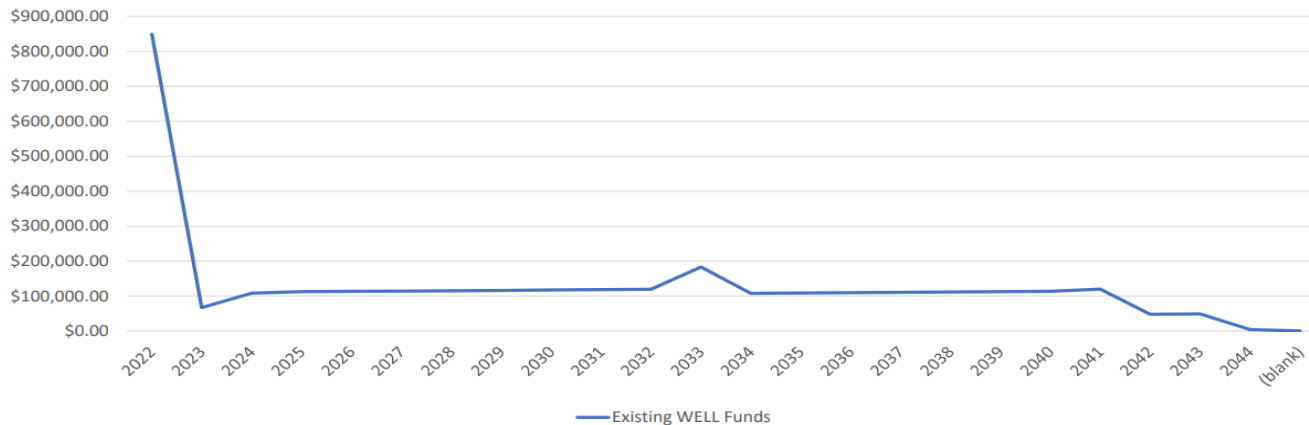
[illegible]

- (iv) A forward-looking financial plan that projects the timing and public funding level at which the Washington Early Learning Loan Fund will become self-sustaining and will no longer need state matching dollars to provide loans to early learning facilities. The plan must include scenarios based upon a range of state investment in the fund.

As noted above, several of our closed loans have terms that reach up to 20 years. These flexible terms are beneficial to early learning borrowers and allow them the opportunity to stretch and reduce payments over time, a key point in the overall financial success of a childcare business. Flexible, long-term repayment plans showcase the reality that it will take several years before our lenders begin receiving repayments that are sufficient enough to put towards a new early learning project. For this reason, at present, the WELL Fund is not ready to become fully self-sustaining. Considering our current model of equitable, flexible lending the following graphs how different programmatic outcomes within a range of state investments:

Scenario one: Zero State Investment:

0 state investment



Above graph assumes:

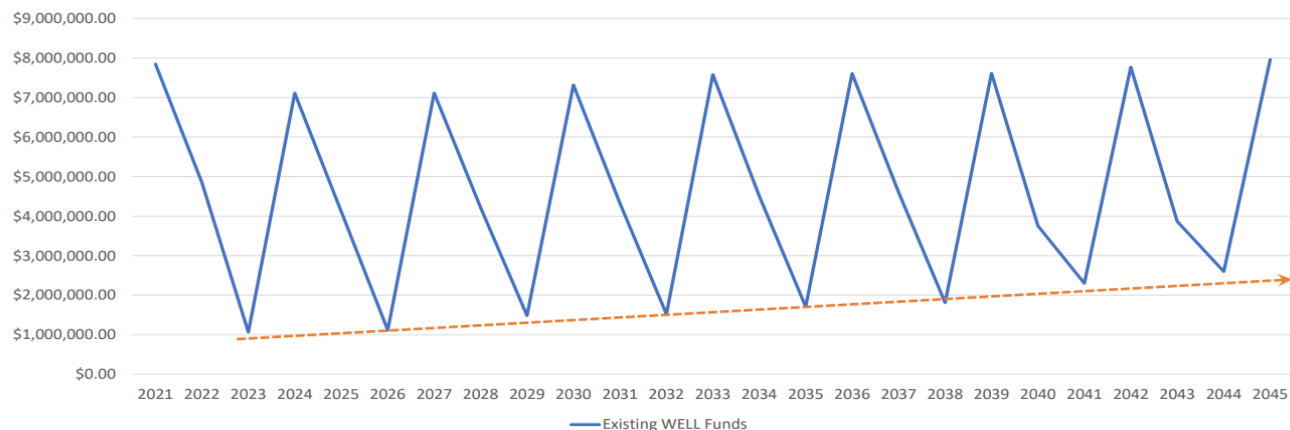
- Zero state investment
- The average return of funding over time with current deals only
- Deals smaller than \$100k only possible

The image above assumes the level of WELL Funds available with our **current** deals only and no continued state investment. As shown, while we begin in 2023 with significant funds, these dollars get spent down over time with assumed deals. WELL Fund dollars available for lending and granting stagnant until 2033 where some loans are paid down. Since grant dollars do not ultimately return, and there is no continued state investment, funding available for lending remains minimal and only deals smaller than \$100,000 become possible. Over time, no new projects are able to access funding and we remain ultimately with one rotating deal below \$100,000 with financing available every 10-20 years.

If the WELL Fund exists with zero state funding, the lending opportunities would result in higher interest rates, inflexible terms and would otherwise from an equity standpoint, not be accessible to early learning borrowers.

Scenario two: Continued Level of State Investment*

Continued Level of State Investment



Above graph assumes:

- Average of \$7M state investment every 2 years
- Average of 3-4 deals closed every year
- Each deal average of \$800k-\$1M

*Dotted orange line indicates growth of internal WELL Funds from loans being paid down over time. These are funds that then become available for continued investment in future EL deals

Salinas-Aguila, Juanita (jsalinasaguila@enterprisecommunity.org) is:

This second image captures assumptions for continued state investment over time and represents the WELL Fund operations at our current model: Assuming the WELL Fund receives continued level of state dollars for lending and grant work, we would assume closing on 3-4 lending deals a year with each deal being an average of \$800k-\$1million in size.

The orange dotted line above showcases that, over time, returned funds from loans would slowly grow a “pot of funds” so that the WELL Fund could continue lending to additional early learning projects. This model assumes that with time, returned funds could see some level of sustainability. However, this scenario does present an issue with time: returned funds will return **very** slowly, with sufficient growth of funds coming several decades into the future.

This scenario of continued state investment does allow for the WELL Fund to be responsive to the real time funding needs of early learning facilities. State and private funding gives the WELL Fund the ability to provide grant opportunities to help bridge funding gaps and respond to providers needs throughout the state in real-time. Our success in grant opportunities is evident in this annual report.

With consistent state funding the WELL Fund can continue to create flexible terms, below market rates, and opportunities for financing for high-risk projects and borrowers. Continued state and private investments at its current level gives us the ability to be creative and meet projects where they are at, at our current age and time. In addition, current state funding model also buys more intentional, culturally competent technical assistance for borrowers. From a programmatic standpoint, borrowers will be guided throughout a lending process and receive TA to ensure financial readiness and long-term business sustainability. The importance of guidance throughout a development process of a construction project is evident in the overall success of borrowers as noted in this annual report.

A scenario of continued state investment at its current level would help push the WELL Fund in the right direction of sustainability, however it would still be decades into our future where a full sustainable model could be achieved. If both state and private investment grows over time, sustainability could be achieved sooner.