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IRC'S CENTER FOR ECONOMIC OPPORTUNITY



2020  
ANNUAL  
REPORT

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# Table of Contents

CEO Annual Report 2020

- 1** Director's Statement
- 2** Introduction
- 3** COVID-19 Response
- 4** CEO By Numbers
- 5** Social Impact Fund
- 6** Expanding Our Partnerships & Reach
- 7** Clients from Around the World
- 8** Insights About Our Borrowers
- 9** Client Profile: Diana
- 10** Client Profile: "My Truck Is Food"
- 11** IRC Financial Capability Programs
- 12** What do Financial Coaches Say?
- 13** Financials
- 14** Thank you!

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# DIRECTOR'S STATEMENT



"Our economy and communities work best when everyone is included."

The IRC's Center for Economic Opportunity, or CEO, is proud to publish this annual report which contains highlights, photos, figures and updates on our work over the last year. The fiscal period covered by this report – October 1, 2019 through September 30, 2020 – was headlined by the global COVID19 pandemic and resulting national lockdowns.

As a team and organization, we at CEO did everything in our power to support both our borrowers and the vulnerable households that fell between the cracks of the national pandemic response safety net. In the subsequent pages of this report, you'll read about our COVID Relief Grant program and how we deferred payments and reduced rates to 0% for our borrowers. You'll see that despite the challenges, we closed more loans than any time since our inception and launched new lending and grant operations in 12 new cities.

We also want to recognize and celebrate the vital role of the frontline staff of the International Rescue Committee in the U.S. case workers, financial coaches, employment coordinators, business counselors and others across the country had to overcome daunting challenges to reach and serve their primarily refugee & newcomer clients during a global pandemic. Many of these staff themselves arrived in the U.S. as refugees and were dealing with disruptions in their own lives and livelihoods. Without the dedicated support of these frontline workers, none of CEO's accomplishments you may read about in these pages would have been possible.

Thank you for taking the time to peruse our report. We hope you'll like what you find and that you stay connected with us as we scale and reach more households and organizations in 2021 and beyond.

**KASRA MOVAHEDI**

EXECUTIVE DIRECTOR

# Introduction

Report 2020

IRC's Center for Economic Opportunity (CEO) is a national, non-profit Community Development Financial Institution (CDFI) and subsidiary of the International Rescue Committee (IRC). CEO was formed to help refugees overcome finance-related barriers to upward mobility. Among these barriers are an over-reliance on credit score by lenders, a lack of accessible small-dollar consumer and business loans, a dearth of affordable used auto finance opportunities and a general lack of understanding of the U.S. system of personal credit. Refugees and immigrants are not the only communities impacted by these barriers; they affect nearly every credit-thin, low-income household in the U.S.

CEO makes small-dollar consumer and business loans primarily to IRC's refugee and immigrant clientele across the U.S. Our loans are coupled with financial inclusion and other related economic empowerment programs offered by our partners. This unique model allows CEO to leverage IRC's linguistic and cultural competence, portfolio of programs and connection to underserved communities to responsibly reach financially disconnected, diverse households.

2020 brought unprecedented challenges, yet our belief in the positive impacts CEO can make are stronger than ever. This report is a comprehensive look at CEO's activities throughout 2020- covering operations numbers, client stories, and feedback from financial coaches across the country who make our work possible.



## 2015

CEO MAKES FIRST LOAN AS A FINANCIAL SUBSIDIARY OF IRC

## 2,200

LOANS MADE SINCE CEO'S OPENING

## 95%

OF BORROWERS ARE LOW-INCOME

The average income is \$28,000

# | COVID-19 Response

In March 2020, CEO had 700 active loans totaling \$2.1M in receivables to borrowers whose average pre-pandemic income was only \$28,000 per year. As the pandemic spread across the country and local communities shuttered their economies in the name of public health, CEO, with the full support of the board, immediately dropped interest rates on active loans to 0% and deferred all loan payments for all borrowers. In doing so, we protected borrower credit scores and allowed any available cash to go towards higher priorities like food and rent.

CEO also launched two new initiatives to support pandemic-impacted households in close coordination with IRC. COVID Relief Grants of up to \$2,100 per household were made available to the most vulnerable families in IRC's continuum of care. Recipients were asylum-seeking families, victims of trafficking, and others that were ineligible for federal stimulus support.

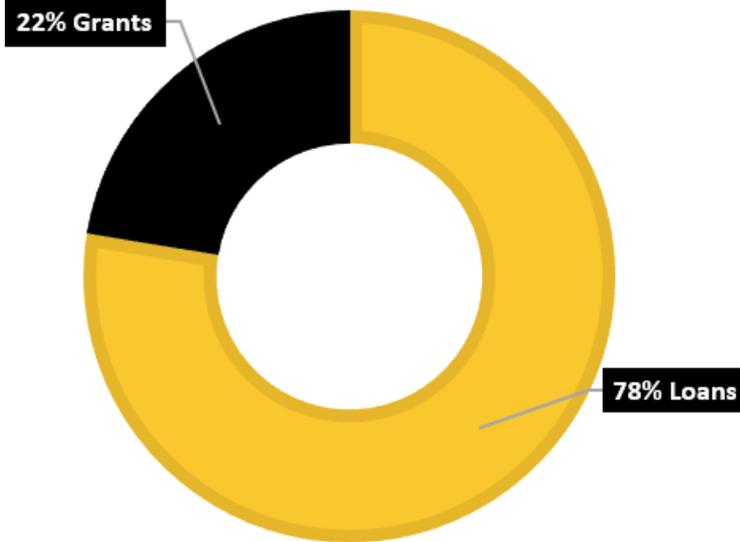
CEO's second initiative came through support from partners, as we began offering 0% Resilience Loans featuring no payments due for six months. By the end of the fiscal year, CEO disbursed \$518,000 in COVID Relief Grants and \$68,500 in Resilience Loans.



*This word cloud reflects the use of COVID Relief Grants and Resilience Loan funds.*

*The most cited uses of funds were to meet basic needs of families during state and local lockdowns.*

# CEO BY NUMBERS



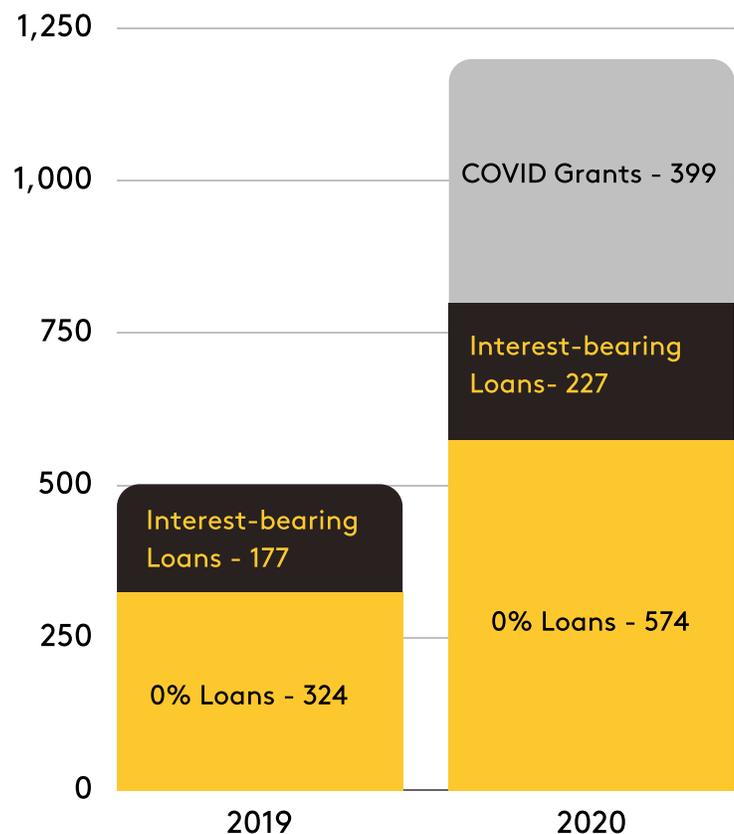
## \$2.32M

TOTAL DOLLARS DISBURSED IN 2020

CEO distributed \$520,000 in grants and \$1.8 million in loans during fiscal year 2020

DESPITE COVID-19 STATE AND LOCAL LOCKDOWNS, CEO MADE MORE INTEREST-BEARING LOANS IN 2020 THAN 2019

CEO Lending Summary FY 2020		
Loan Type	# of Loans	\$ Disbursed
Auto Loans	109	\$1,051,122
Business Loans	49	\$406,138
Personal Loans	48	\$132,325
Credit Building Loans	467	\$81,000
Resilience Loans	107	\$68,500
Education Loans	15	\$49,216
Immigration Loans	6	\$16,825
<b>Grand Total</b>	<b>801</b>	<b>\$1,805,126</b>



## 1,198

Loans and grants in 2020

## SOCIAL IMPACT FUND

In 2020, CEO partnered with the Refugee Investment Network (RIN) to offer impact investors a unique opportunity to directly support financial inclusion for hundreds of refugees across the United States while also earning a concessionary rate of return. The resulting Refugee Investment Network Social Impact Fund (RIN SIF) was launched in May of 2020 with \$1.5M in invested funds through support from a committed group of impact investors. CEO deployed more than 240 loans from the SIF totaling \$525K financed by the end of the fiscal year. More than 64% of SIF borrowers have been in the U.S. for less than three years, and the cohort represents 35 unique countries of origin. The RIN SIF is positioned to become CEO's flagship loan fund for our core work with refugee and immigrant communities. We anticipate accepting ongoing investments into the fund as our capital needs continue to grow into 2021 and beyond.

## CREDIT OUTCOMES REPORT

In 2020, IRC and CEO collaborated on a study of credit outcomes for common IRC & CEO clients. While more research is needed, the analysis offers an encouraging assessment of the potential in IRC and CEO's blended model of financial capability programming. The full report can be read on our website, [irc-ceo.org](http://irc-ceo.org)

**68%**

Borrowers with net increase in FICO Score, final average score of 662

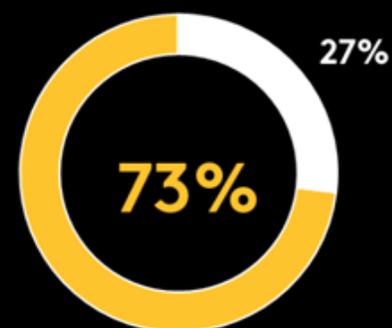
**83%**

Borrowers improved (56%) or maintained (27%) starting credit tier

### Did users improve their credit scores?

**73%** of clients that began with **no credit score at all** achieved a **600+** credit score

Credit Score at follow-up



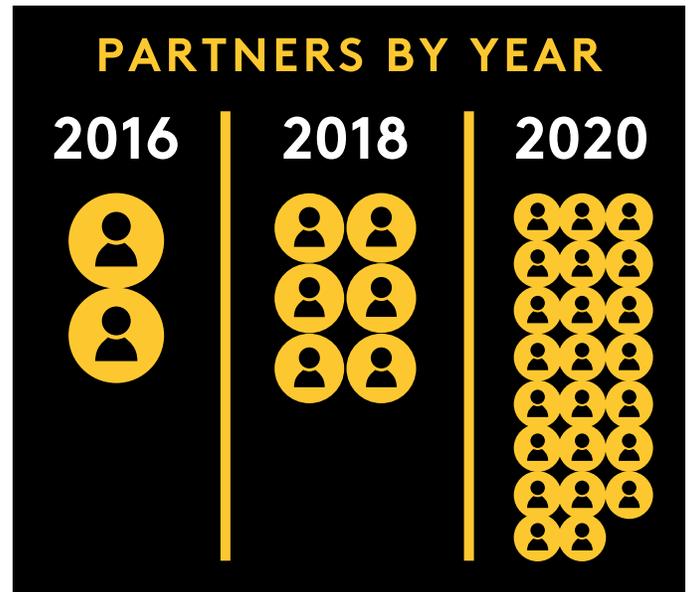
■ Above 600 ■ Below 600

# EXPANDING OUR PARTNERSHIPS AND OUR REACH

55 million Americans do not have a credit score in a country where almost all lenders use credit scores as a barrier to entry for a loan. Studies consistently show Americans are financially undereducated despite credit's importance on a household's financial health and options.

In the 2020 fiscal year, we took our first steps in expanding our partnership model to organizations and communities beyond IRC. We feel our unique model of integrating loans closely with financial inclusion and economic empowerment programs offered by trusted community-based organizations is scalable to other contexts, partners, and populations. This model can fill the gap for those locked out of the credit system or those who are taken advantage of.

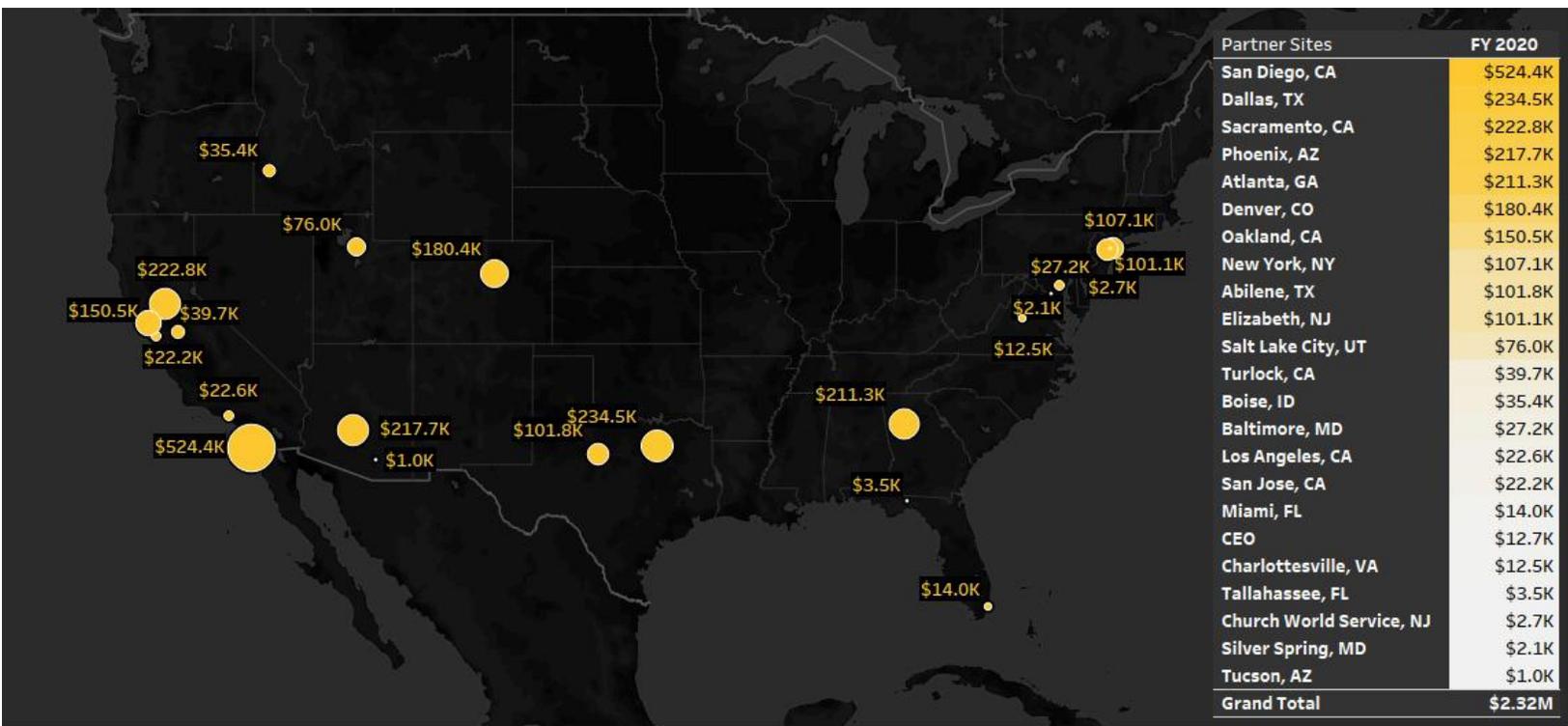
We view CEO as having the potential to meaningfully support financially disconnected communities across the U.S. and as we expand, we'll underscore our refugee roots to promote tolerance and inclusion. We will highlight common causes to financial instability faced by all households in the U.S., regardless of how or when they came to this country.



## 12 NEW PARTNERS

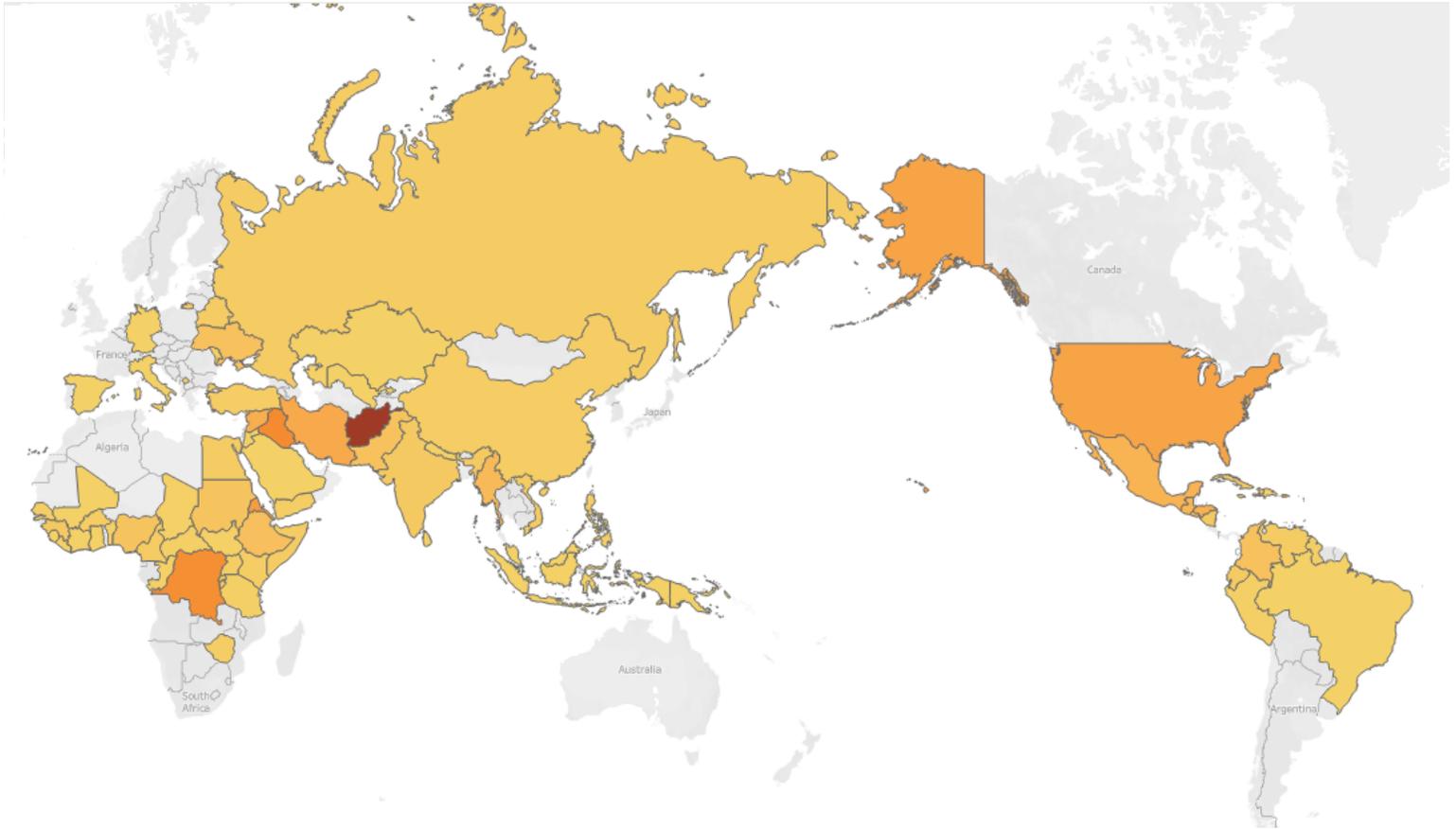
IN THE YEAR OF 2020

CEO now has 23 partners, including our first non-affiliated partner, Church World Services in New Jersey.



# CLIENTS FROM AROUND THE WORLD

Last year, IRC served over 50,000 unique individuals in the U.S. through our diverse portfolio of programs – not just new arrivals, but those that arrived in prior years, asylum-seekers & other community members. CEO’s borrower demographics offer a window into the diversity of clients we are able to reach in partnership with IRC.



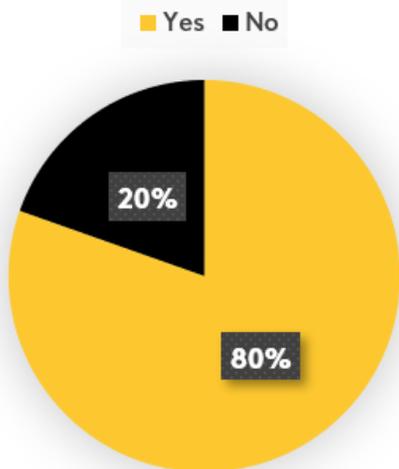
CEO served clients from 74 different countries in 2020. The largest number of CEO clients come from Afghanistan, with more than 200 clients.

Credit invisibility and economic hardship impacts everyone, not just refugees, evident by the 5% of CEO clients that are native-born American citizens who live in the communities that we serve.

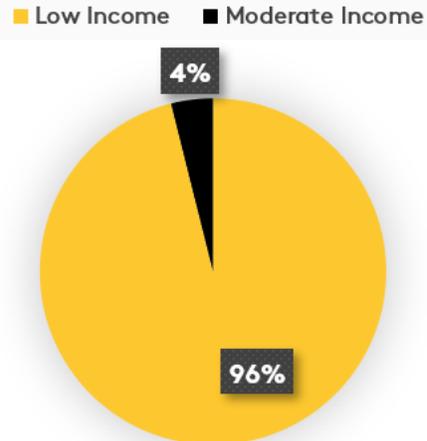
Top 10 Countries of Origin FY 2020	
Country	% of Total Clients
Afghanistan	20%
Iraq	7%
DR Congo	7%
Eritrea	5%
USA	5%
Iran	4%
Syria	4%
Honduras	4%
Mexico	3%
Guatemala	3%

# Insights About Our Borrowers

## Arrived in U.S. as Refugee?

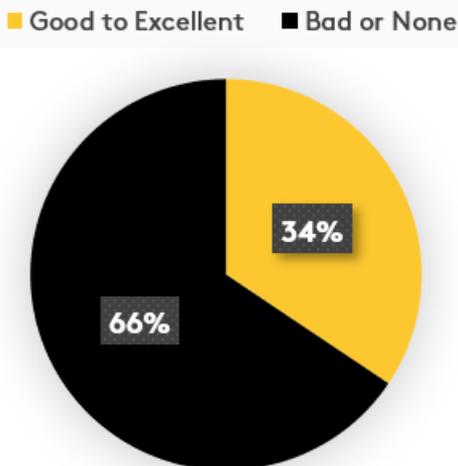


## Income Level

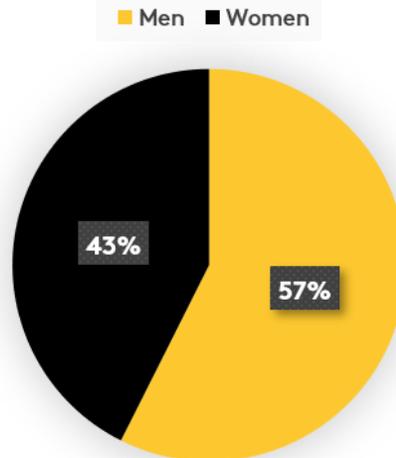


These charts give provide details about our clients such as their refugee status, income level, initial credit status and gender

## Credit Profile



## Gender



CEO's borrower demographics offer key insights into our unique reach. Borrowers are diverse and are living on thin margins (average monthly income of **\$591.51** to support average household size of **3.5**). They also have limited access to credit (**66% had bad or no FICO at application**). There are simply a dearth of lenders that work with the types of clients CEO regularly supports. And yet, despite the risks that may be implied by our borrower demographics, CEO maintains a historical **97% repayment rate**.

## Diana

Diana was born in Kenya and arrived in Phoenix in 2012, alone, at the age of 18. When the high cost of education prevented her from finishing her engineering studies, she began cleaning houses to make ends meet. It was through this experience Diana was inspired to start her own business, wanting to change the perception of cleaners while providing an outlet to negotiate compensation and create recurring business. She connected with the IRC when she found out about the microenterprise program. With the help of IRC business counselors and a CEO business loan, Diana was able to secure the funds she needed to develop and launch CLYN, an app seeking to optimize the cleaning industry by connecting users to cleaners in their area while treating cleaners with dignity.

“The loan has been really helpful to give me a bit of a runway. With it, I was able to cover my team's salary for the three-month marathon it took to build the app.”

Unfortunately, Diana's launch of her businesses came just as national lockdowns were implemented due to the COVID-19 pandemic. This drastically slowed progress and income. With the help of the CEO Business Pivot Grant, Diana was able to make needed updates to the app despite lagging demand for housecleaners during national lock-downs. Business is now beginning to pick up and Diana is optimistic about the prospects for CLYN. Ultimately, she wants to change the perception of how home service providers and janitorial jobs are looked upon. “We often see that cleaner or janitor in the shadows always cleaning up around the house or office spaces, but don't hear of them,” she says. “Maybe an occasional “hello” or “Hola”, but we don't realize how much effort they put to make sure our environment is clean and clear so we can focus on our daily tasks.”



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## "MY TRUCK IS MY FOOD"

Duncan arrived in Sacramento, CA with his parents and sister, seeking asylum from Kenya in 2006. After working for a few years, Duncan decided to take steps to pursue his dream of becoming an aircraft mechanic and enrolled in courses through Sacramento City College. He had saved up enough to buy his own car and was able to maintain full-time work while taking classes.

Unfortunately, the COVID-19 pandemic and resulting lockdowns precipitated a string of bad luck for Duncan. He lost his job and struggled to earn enough money to pay his monthly expenses. His car broke down and his classes were cancelled. He tried to get a car loan but was denied due to his lack of credit. For Duncan, it felt like years of hard work establishing himself in America and building momentum towards a brighter future was suddenly at risk. The lack of transportation cost him hundreds of dollars in rideshare fees and it strained his ability to find employment to stay afloat.



Duncan later learned about IRC's free financial coaching services and CEO's loans through a local community organization. He connected with IRC's Financial Empowerment Center in Sacramento, where he enrolled in credit training, learned some tips and tools for budget management, and got help applying for an auto loan from CEO.

Around the time his CEO auto loan was approved, his luck also began to change. Duncan purchased a truck with an extra-long bed and started to use it for contracting work that paid him well. With the support of his financial coach, Duncan took steps to pay off accounts that were in collections, opened a savings account and filed his 2019 and 2020 taxes. His credit score increased by 59 points, and he received \$3,500 in tax refunds! Duncan's long-term financial goal is to build out his emergency savings to avoid the position he was in during the pandemic and is committed to having more control over his finances. He also wants to start saving for retirement and investing his savings.

"My truck is my food," says Duncan. It is how he gets to work and what has allowed him to overcome the challenges of the pandemic. He has the drive to build the future he wants for himself.

## IRC Financial Capability Programs

CEO's work would not be possible without the Financial Capability Programming of our partners.

CEO's model doesn't work without dedicated financial coaches who work directly with clients, providing financial education and technical support. Coaches see the impact of the CEO's products up close and share valuable insights with us.

**3600 Clients Served**  
**30+ Financial Coaches**  
**6,100 Coaching Sessions**

Luke, Los Angeles



***"We can make credit education real, with a trustworthy financial product from the CEO"***

Mousa, Denver



***"The client can trust me and I trust CEO, so they can trust CEO!"***

# What do Financial Coaches say about CEO?



Papa, New York



*"In a crisis, clients were able to get a resilience loan and COVID relief grant. A lot of those clients had yet to see a judge, and had no way of legally earning money due to their immigration status. The CRG was literally life-saving."*

Chuni, Dallas

*"CEO plays an important role by providing a product that does not exist on the market otherwise."*



Margeaux, Sacramento



*"If they need a car loan and do not have a credit score, the CEO can be the most accessible and affordable way to get transportation. For clients who come in with high-interest car loans, CEO refinancing gives room to focus on employment or savings on children's education."*

# FINANCIALS

## IRC's Center for Economic Opportunity, Inc.

### Statement of Activities

September 30, 2020 and 2019

	2020	2019
<b>REVENUE</b>		
Grants and other contributions	1,746,494	1,188,927
Government grants	-	300,000
Loan interest and fee income	108,909	127,155
Portfolio management services	203,994	81,370
Other income	8,061	7,163
<b>TOTAL REVENUE</b>	<b>\$ 2,067,458</b>	<b>\$ 1,704,615</b>
<b>EXPENSES</b>		
Personnel	413,918	262,642
Professional fees	30,311	22,737
Loans	381,126	126,559
Other direct expenses	85,277	39,106
Travel	1,564	8,884
Grants to Partner Programs	41,000	25,000
Covid-Relief/Client Grants	518,650	
Interest Expense	2,206	-
<b>TOTAL EXPENSES</b>	<b>\$ 1,474,052</b>	<b>\$ 484,928</b>
<b>NET INCOME</b>	<b>\$ 593,406</b>	<b>\$ 1,219,687</b>

# THANK YOU!



## TO OUR DONORS

*For their financial support and belief in our mission*

Credit Builders Alliance

FJC

Mastercard Center for Inclusive Growth

Michael Aikins

MUFG Union Bank

The Shapiro Foundation

U.S. Treasury Community Development Financial Institution Program

## TO OUR INVESTORS

*This year marked the first time CEO took on debt as an agency. We're grateful for the faith you've shown in us and eager to put your investments to good use.*

Baltimore Community Foundation

Dunn Family Charitable Foundation

Mercy Impact Investments

Missionary Sisters of the Sacred Heart of Jesus

The Shapiro Foundation

World Education Services Miriam Assefa Fund

To the Refugee Investment Network for your incredible guidance and support.

## TO THE CEO TEAM

*For their tireless efforts and relentless innovation.*

## TO FRONTLINE STAFF

*Who have and continue to work tirelessly and through immense challenges to help thousands of families navigate the unprecedented COVID-19 crisis while also wading through it all themselves.*

## TO OUR CLIENTS

*Whose resiliency and drive for a brighter future inspires and motivates our work.*