

# DETOUR 2020

*ON THE ROAD COMPANIES ANNUAL REPORT*





## ACHIEVING THE VISION

A LETTER FROM OUR FOUNDER

We made it! 2020 is finally in our rearview mirror. While we have all been impacted by the immense human cost of the pandemic, the creative detours many of us have taken in 2020 are the silver linings. With crisis comes the opportunity for positive change as we take a different road, look at the world from a new angle, and focus our energy on innovation. Because our nonprofit, On the Road Lending, has such a close case management relationship with our clients, we knew our customers were particularly vulnerable in 2020, and we responded. We deferred 318 payments for 166 customers—over 40% of our accounts—so that people could hold on to their vehicles and protect their credit. Cars were more of a lifeline than ever for families facing furloughs and unemployment. We also provided \$500 cash grants to 200 families hurting the most, to help them make ends meet. By year end, the impact of the pandemic on our car loan business subsided, and we ended up originating more loans in 2020 than in 2018 or 2019. Our annualized loss rate was only 2.5%, and we finished the year with 90-day delinquencies of 2.7% and 30-day delinquencies of only 10.9%.

Our major detour in 2020 was opening On the Road Garage, which you will read more about on pages 6-9. To launch On the Road Garage, we raised over \$6 million in grants in less than 12 months—\$3 million from the Perot Foundation. We're grateful to the Perot Foundation, and especially Margot Perot, for having the vision to help us establish this exciting social enterprise. We opened our first garage in July in Irving, Texas, and by year end had repaired more than 150 cars. We put together major insurance partnerships to drive direct referral business, and we launched a paid apprenticeship program that is one of our key differentiators. Apprentices not only learn high-quality collision repair from our master technicians but also the mechanical and electronic repair of advanced driver assistance systems and other smart car technologies that require diagnostics.

We completed our first pre-apprenticeship training program for Dallas Independent School District students in partnership with the Wesley-Ranken Community Center Aspiring Professionals. The existing talent pool is aging out of the collision and smart car repair industry, and the pipeline of new talent is depleted due to a focus on four-year college and disinvestment in trades. Our program teaches these kids that they can earn a good living—potentially a six-figure income—without a four-year degree. We're truly creating the workforce of the future in smart car technology, which you will read more about on page 11. As we navigate the uncertainties on the road ahead of us, one thing we know is certain—our future is full of possibilities. We will open our second location of On the Road Garage in West Dallas in 2021, and we are working on a new \$100 million sustainability bond issuance aimed at reducing the carbon footprint and energy consumption of all of our entities while expanding those we can serve. Though our detour this year had some tough turns, our destination is unchanged. Everything we do is aimed at getting people and communities on the road to success. Thank you for sharing our vision.

**Michelle Corson**

*On the Road Lending Founder and CEO / Loan Fund Entities Managing Director*



**LEADING WITH VISION & HEART**  
A LETTER FROM OUR CHIEF STRATEGY OFFICER

I met Michelle Corson in 2013 when she was launching On the Road Lending and I was the CEO of Service King Collision Repair Centers. I recognized in her the vision of an entrepreneur with the heart of an activist. She wants to help people improve their lives and achieve the American dream—no matter what ZIP code they live in or credit record they have. In the summer of 2019, we reconnected, and I heard about her plans for On the Road Garage. I had retired, so I introduced her to other Service King executives who gave her advice and suggestions about starting a collision center.

In January 2020, I met with Michelle to see the sites and construction plans for the first two garage locations. I got the “opportunity chills” from her and the staff members who were all excited about the future. So I left retirement behind and joined the team as chief operating officer working on buildout, equipment purchases, and recruiting staff to run the garage. We identified talent in the industry and went after them!

When the pandemic hit in March, we had the basic staff on board. Although collision centers were essential businesses, I had to work remotely, so the new staff stepped up to take on the management roles needed to get the first garage open. In May, I moved to the position of chief strategy officer. Soon after opening the Irving, Texas, location in July, we received approval of our first online technology training product from the Texas Workforce Commission. In my new role, I also began helping with our direct repair referral program with insurance carriers. State Farm was the first carrier to sign an agreement with us, and Texas Farm Bureau and Horace Mann are also now on board.

The mission of On the Road Garage enticed me out of retirement to help build the workforce of the future, and I’m happy to be taking this detour. Making connections and getting grants for our unique online training and hands-on apprenticeship program is gratifying work that makes me proud to be a part of this growing venture.

**Cathy Bonner**

*On the Road Garage Chief Strategy Officer*



ON THE ROAD  
COMPANIES

BUILDING A  
PROSPERITY MOVEMENT

In 2020, we solidified our On the Road Companies brand as the umbrella for our prosperity initiative focused on transportation. This portfolio of ventures has a shared mission—getting people and communities on the road to success by bringing down costs across the transportation value chain to help people live their best lives. On the Road Companies includes:



Founded in 2011 to make investments in social enterprises and help working families thrive through creative finance.



Launched in 2013 to attract investors who understand that **better cars lead to better jobs and better lives**, and are willing to take a small return on their invested capital to provide a social, financial and environmental return to others.



Established in 2013 to help people find cars that work for them, and teach them how to make good financial decisions. Individuals get low-cost loans through our loan funds on reliable cars based on who they are as people—not their credit scores.



A Texas motor vehicle dealer created in 2020 to source affordable cars directly at auction for On the Road Lending clients.



A unique tech-forward collision and smart car repair business launched in Irving, Texas, in 2020. On the Road Garage is rebuilding more than cars, with a paid internship program that trains people on collision repair, advanced driver assistance systems and other smart car technology. A second location will open in Dallas in 2021.



**ON THE ROAD GARAGE**

## **PROVIDING ADVANCED COLLISION AND VEHICLE TECHNOLOGY SYSTEMS REPAIR**

On the Road Garage is a new kind of tech-forward collision center that utilizes state-of-the-art technology to provide high-quality service while protecting the environment. Vehicle systems are rapidly changing, and we can ensure total functionality and accuracy with our electro-mechanical repair and calibration services for conventional and electric vehicles.

When designing and equipping our first location in Irving, Texas, which opened in July 2020, we recycled former paint booths into offices and conference rooms, created wall art out of discarded parts, and chose environmentally friendly water-based painting equipment. A woman-owned and -operated business, we differentiate ourselves with caring, friendly customer service and the cleanest lobby and restrooms in the business! We partner with major insurance companies to receive direct repair referrals, and are constantly working on value-chain innovations including assessing the feasibility of using additive manufacturing that can bring down parts costs and reduce cycle times.

We're proud that we opened On the Road Garage during the pandemic to create jobs with high earning potential when they were needed most. We also launched an online training course for collision and mechanical technicians who may have been furloughed due to COVID-19, to upgrade their skills with the most advanced driver assistance technology curriculum available today. When customers choose On the Road Garage, they're supporting a social enterprise that is giving hard-to-employ individuals an opportunity for wealth-building in an essential business.

We recently completed our first semester of a pre-apprenticeship program with students of Dallas Independent School District through Wesley-Rankin Community Center Aspiring Professionals.



ON THE ROAD GARAGE

## CREATING THE WORKFORCE OF THE FUTURE

On the Road Garage is building the workforce of the future in smart car technology through our online education and hands-on apprenticeships. Our paid apprenticeship program provides a full year of instruction to gain the most up-to-date skills and knowledge. We expect our apprentices to be placed in jobs prior to completion of the program, or to launch their own businesses with the potential of earning a six-figure income without a four-year degree.

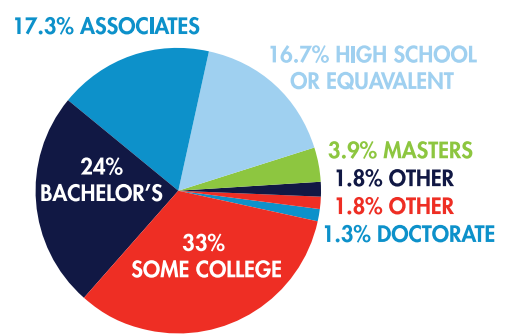
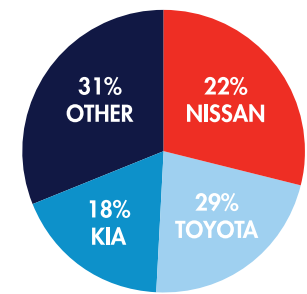
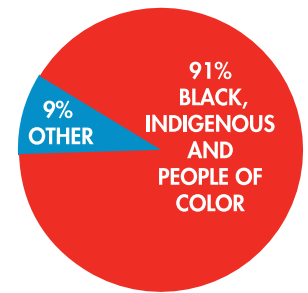
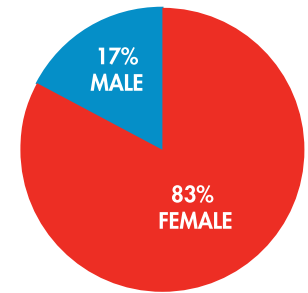
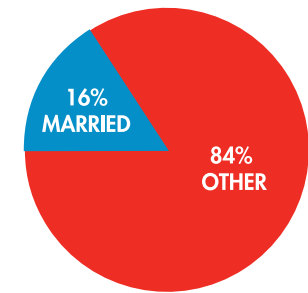
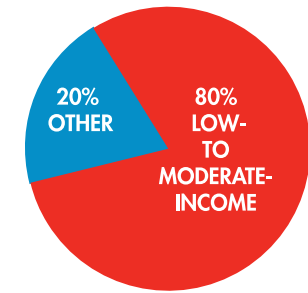
On the Road Garage Director of Operations Roy Villarreal is heading up our apprenticeship program. Roy was with Service King for seven years before joining our team. "Developing people and giving them the opportunity to grow was really what attracted me to On the Road Garage," Roy says. "Our program is different because we offer multiple apprenticeships instead of just one—body tech, painter, telematics, service advisor and a management track."

Ian Chambers, the first On the Road Garage apprentice, also came to us from Service King. He completed the body tech track and is now working as a service advisor apprentice. His long-term goal is to complete the management track.

We also partner with Wesley-Rankin Community Center Aspiring Professionals to teach high school students valuable soft skills to propel them into college, career and adulthood, while gaining technical training in auto repair. The project helps students see various options after high school to earn living wages to support themselves, their aspirations and their families. Students work with On the Road Garage in three-hour workshops every Saturday morning during the school year, as well as weekly coaching meetings and occasional trainings and events.



## DEMOGRAPHICS





## DEMOGRAPHICS

**41**  
AVERAGE AGE

**19-72**  
AGE RANGE

**527**  
AVERAGE SCORE OF CLIENTS  
GETTING LOANS

**434-811**  
CLIENT CREDIT  
SCORE RANGE

**\$39,005**  
AVERAGE INCOME

**\$15,000-\$94,000**  
INCOME RANGE





## 2020 FINANCIALS

**164**  
LOANS MADE

**\$2,728,637**  
DOLLAR VOLUME

**\$9.7MM**  
LOANS SINCE INCEPTION

**2.5%**  
ANNUALIZED LOSS RATE

**\$73K**  
POST CHARGE-OFF RECOVERIES

**10.9%**  
30-DAY DELINQUENCIES

**2.7%**  
90-DAY DELINQUENCIES



## 2020 FINANCIALS

### COMBINED PERFORMANCE

REVENUES: \$4.8MM  
ASSETS: \$20.3MM

### ON THE ROAD LENDING PERFORMANCE

REVENUES: \$3.9MM  
EXPENSES: \$2.6MM  
CHANGE IN NET ASSETS: \$1.4MM  
ASSETS: \$12.5MM  
LIABILITIES: \$8.0MM  
NET ASSETS: \$4.5MM

### ON THE ROAD SUSTAINABILITY FUNDS PERFORMANCE

REVENUES: \$634K  
EXPENSES: \$382K  
NET INCOME: \$252K  
ASSETS: \$7.2MM  
LIABILITIES: \$4.8MM  
NET ASSETS: \$2.4MM



# OUR LEADERS



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Greater Houston Community Foundation  
Harris & Eliza Kempner Fund  
Hoglund Foundation  
JPMC Foundation  
Liberty Mutual Bank  
Perot Foundation  
Rebuild Texas Fund/OneStar Foundation  
Stand Together Foundation  
State Farm Foundation  
Toyota Motor North America  
United Way of Greater Houston  
U.S. Economic Development Administration, Department of Commerce  
Wells Fargo Foundation

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Barbara & Gene Sanger  
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