



# Increasing Capital and Capacity in America's Communities

An impact report for the Grow with Google Small Business Fund and OFN Grant Program funded by Google.org

## Executive Summary

In 2020, Opportunity Finance Network (OFN) received funding from Google's newly created Grow with Google Small Business Fund and Google.org to provide loans and grants, respectively, to CDFIs supporting businesses and nonprofits in communities across the United States that lack access to traditional financing tools. This report is a snapshot of the significant impact this funding has had on CDFIs and the small and medium-sized businesses they've supported during the Covid-19 pandemic.

- **As of December 2021, OFN had fully distributed \$180 million in loans and grants from Google and Google.org** to a total of 62 CDFIs across all 50 states that serve minority- and women-owned small businesses and other financially underserved local businesses, especially those in distressed communities. Among these, 59 CDFIs received loans from the Grow with Google Small Business Fund and 51 received grants from the OFN Grant Program funded by Google.org.
- **In 2021, the CDFIs supported by this funding provided loans to 131,652 small and medium-sized businesses** operating in communities underserved by traditional finance and primarily owned or led by minorities and/or women. CDFIs paired Google's loans and grants with other funding opportunities, resulting in a total of \$1.6 billion for businesses.
- **Because Google provided funding to OFN through flexible, long-term, low-cost loans or grants, CDFIs are able to:**
  - **Scale their impact** by using low-cost loans as a stable base for these businesses for up to 10 years.
  - **Expand their balance sheets** by using the grants to multiply their lending capacity and, in many cases, attract additional philanthropy to support more businesses in their communities in a more impactful way.
  - **Obtain a new source of funding from the corporate sector, beyond the traditional forms** of capital provided by financial institutions seeking to meet specific regulatory mandates.

## About Opportunity Finance Network (OFN)

OFN is a leading network of more than 370 CDFIs that work to ensure all communities have access to responsible financial products and services. OFN is a trusted intermediary between CDFIs and public and private sector partners – foundations, corporations, banks, government agencies, and others – that invest in CDFIs to create economic opportunity in under-resourced communities. Through 2020, OFN members provided \$91 billion in financing to people, markets, and communities underserved by mainstream finance. Priority areas include rural, urban, and Indigenous communities across all 50 states, the District of Columbia, and Puerto Rico.



- **The unique funding model Google deployed – coupling loans and grants – demonstrates the critical role the corporate sector can play** to help scale small business lending in communities underserved by mainstream finance. Google.org has also donated \$1M in free Search advertising to increase community awareness about CDFIs and help CDFIs reach and connect with small businesses that still lack access to funding. In addition, CDFIs can provide access to no cost trainings provided by Grow with Google to the small businesses they work with to help develop skills and better use technology to run their businesses.

In just two years, we've seen how these loans and grants have helped CDFIs multiply their lending capacity significantly, reach deeper into their communities, and achieve operational stability. These programs should have a greater impact in the decade ahead as the funding provided continues to be put to work. More technology assistance is needed to help CDFIs scale their ability to assist small businesses, particularly in rural communities that could benefit from additional coverage of CDFI products and services. We look forward to the continued successes and achievements of the thousands of entrepreneurs, employees, businesses, and communities supported by these programs in the years ahead.

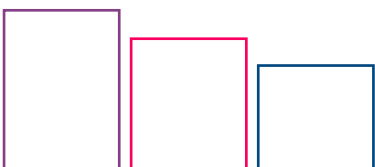
## *A message from Lisa Mensah, Opportunity Finance Network President and CEO*

“ Google’s support of OFN grew out of a shared purpose of investing in underserved communities and mutual recognition that CDFIs are a proven model for doing so. We believe this is a model for other corporations and philanthropies with similar missions to follow. CDFIs that received funding from the Grow with Google Small Business Fund and Google.org grants have already increased impact in their communities. With more loan capital and grants, CDFIs and their investment partners can double down on strategies that will help close growing wealth gaps and upend the persistent poverty and inequities that have held back many rural, urban, and Indigenous communities for generations.”

## **About Community Development Financial Institutions (CDFIs)**

CDFIs work for economic, social, and racial justice – and are a critical part of America’s financial infrastructure.

More than 1,400 CDFIs across the nation manage more than \$222 billion and provide responsible financial products and services in communities that traditional finance doesn’t reach. CDFI lending creates small businesses, homeownership, and living-wage jobs; supports the development of schools, grocery stores, and health care centers; finances climate-change solutions; and so much more.



# About Grow with Google Small Business Fund and Google.org Grants

## OFN's Research:

In 2018 and 2019, OFN conducted a listening tour of its CDFI members to assess the resources needed to support the financial needs of their communities adequately. One key need expressed by OFN members was flexible, long-term, low-cost capital.

## OFN's response:

Raise flexible, long-term, low-cost debt coupled with flexible grant funding to create maximum community impact. In 2020, Google's support helped catalyze these efforts.

**Grow with Google Small Business Fund & OFN Grant Program funded by Google.org:** OFN's program combines low-cost, long-term debt with grants to CDFIs.

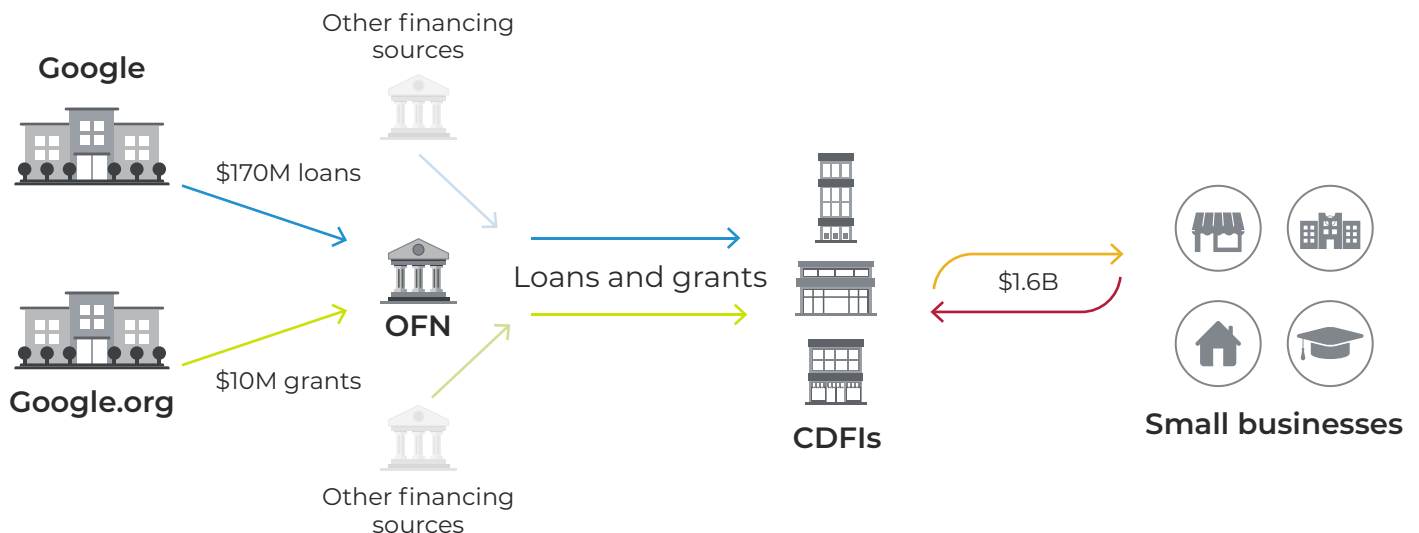
Here's how OFN's deployment of \$180 million in loans and grants from Google and Google.org helped 62 CDFIs serving all 50 states originate 131,652 small business loans totaling \$1.6 billion in 2021.

## LOANS

Loans provide CDFIs with a **stable base** of patient, low-cost capital for up to 10 years.

Loans scale CDFI impact with **long-term, low-cost capital** vs. shorter-term, more restrictive loans, enabling CDFIs to help more borrowers and communities.

As loans are repaid, CDFIs **recirculate the dollars** by providing loans to even more borrowers in their communities.



## GRANTS

Grants expand their **balance sheets** by relieving funding constraints and allow CDFIs to raise more debt capital, so they can multiply their lending capacity to serve more borrowers.

Grant support from visible and credible partners can attract additional philanthropic funding.

Grants can support an array of needs, including improvements in operations and technology, and increased capacity to reach and provide funding to local small businesses.



## Grow with Google Small Business Fund and Google.org Grants

The combination of loans from the Grow with Google Small Business Fund and grants provided by the OFN Grant Program funded by Google.org has helped CDFIs scale lending and operational capacity to serve more small businesses in their communities.

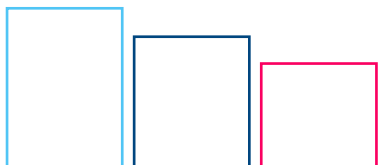
Here's how the two finance mechanisms work:

- **\$170 million of loan** capital from Google provided low-cost, long-term funding to reach communities underserved by mainstream finance.
  - **\$45 million** of loan capital was specifically directed to Black-owned businesses.
- **\$10 million grant** from Google.org to OFN provided subgrants ranging from \$125,000 to \$425,000 to help CDFIs improve their operations and capacity to reach more small business owners and entrepreneurs.
  - **\$5 million** of the subgrants were specifically directed by OFN to CDFIs working to support access to capital for Black-owned small businesses.

Other funding delivered by Google:

- An additional \$5 million, granted in November 2021, enabled OFN to support CDFIs' use of technology to innovate and scale. That funding more than doubled to **\$11 million granted to OFN** in July 2022 and will enable \$10 million in sub-grants to 55 CDFIs.

After receiving the initial support from Google, OFN launched the Finance Justice Fund (FJF) in November 2020. The FJF aims to raise \$1 billion from corporations to help the nation's most under-resourced communities recover and rebuild by investing in small businesses, affordable housing, and vital community resources. Following \$180 million from Google and Google.org, OFN has raised more than \$200 million in long-term loan capital and flexible grants for the FJF. Twitter was the first corporate funder in the FJF, with a \$101 million commitment.



# Impact Metrics

Impact metrics reflect the 62 CDFIs that received loan funding from the Grow with Google Small Business Fund and/or OFN Grant Program funded by Google.org.



**\$1.6 billion**

Total amount loaned to small businesses in 2021



**131,652**

Number of small business loans made in 2021



**159,786**

Jobs created or retained by the small businesses

## Representations in percentage of CDFI recipients' small business lending activity

Loans to minority-owned small businesses

**56% of funds**

Loans to Black-owned small businesses

**27% of funds**

Loans to Latinx-owned small businesses

**17% of funds**

Loans to women-owned small businesses

**37% of funds**

## Report Methodology

This report presents look-back outcomes data for fiscal year 2021 for borrowers and grantees that benefited from the Grow with Google Small Business Fund and/or the OFN Grant Program funded by Google.org provided to OFN. Data was collected through a survey conducted by OFN between February 2022 and April 2022. It includes 2021 outcomes data reported by 60 of the 62 CDFIs that received funding from the programs' inception in May 2020 through December 2021.

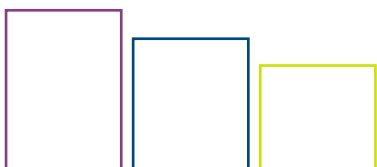
## CDFI Spotlight

“ BBIF lending is vital to small businesses that support individuals, families, and communities, and flexible, long-term loan capital and grants empower us to go deeper in our community. Google and OFN’s support was exactly what CDFIs like ours needed to help small businesses survive a pandemic — and this replicable model can help the industry scale going forward. The Grow with Google Small Business Fund loan allowed us to help businesses in the moment, and in the future, we will recycle these funds to reach more businesses. BBIF’s grant from OFN (made possible by Google.org) has supported our lending, enabling us to create a Covid-19 Relief Fund and helping us sustain minority-owned businesses after their Paycheck Protection Program dollars ran out.”

*Inez Long, CEO, BBIF*

Black Business Investment Fund (BBIF) serves Florida with a range of small business lending, training, and business assistance programs and is poised to expand its impact exponentially. The CDFI received a \$5,000,000 10-year loan from OFN’s Grow with Google Small Business Fund and a \$150,000 OFN Grant funded by Google.org.

This significant commitment to the largest minority-led CDFI in the state is a critical investment in BBIF’s strategy to substantially scale to meet the growing needs of Black and minority entrepreneurs in the underserved communities with which BBIF works. BBIF CEO Inez Long co-founded the African American Alliance of CDFI CEOs, a network of loan funds dedicated to closing the wealth gap for African Americans. Long has been an important advocate for expanding capital to Black-led CDFIs. The funding from OFN is supporting BBIF’s contract-financing loan and technical assistance program, which works intensively to develop minority contractors throughout Florida. In 2021, BBIF provided small business loans totaling \$11 million to roughly 406 Black, minority, and underserved businesses, helping these businesses create and retain more than 1,068 jobs. 76% of BBIF’s loans are to Black-owned small businesses and 54% of loans are to women-owned small businesses.



## Spotlighting local impact

CDFIs were able to provide financing and technical support to primarily minority- and women-owned small businesses in overlooked and underserved communities over the past two years with support from OFN, which received funding from the Grow with Google Small Business Fund and the OFN Grant Program funded by Google.org. These loans and grants helped these businesses build and grow, create and retain jobs, and provide much-needed services to their communities during the Covid-19 pandemic. Here are stories from small business owners who received support from CDFIs supported by these loans and grants.

“It’s one thing when you have dreams, but then when you really hit the ground and the rubber meets the road, it’s really hard. And without the financing, it just doesn’t happen. So we’re really grateful that the [MoFi] loan was available and it all worked out. It couldn’t have been more perfect. [MoFi] is on my team.”

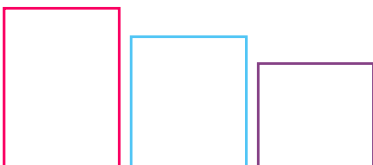
*Mia Barron, Owner, A Child's Heart Learning Center & Nursery, LLC*



Mia Barron had just gone under contract to expand her growing childcare business by purchasing the building next door – and then the pandemic hit. While enrollment plummeted, wiping out a significant portion of the tuition she received, Mia knew she needed to continue serving the children who remained: children of nurses, postal service workers, nonprofit employees, and other essential workers in Boise. Mia couldn’t get a loan from her bank due to insufficient capital, so she turned to MoFi to help keep her doors open. MoFi worked with her to get a PPP loan and an

SBA Community Advantage Recovery Loan for working capital. They also helped Mia manage cash flow, reduce expenses, plan for the unexpected, and navigate small business relief programs. With financing and a strong technical assistance plan in place, A Child’s Heart was able to retain 20 jobs, create 8 additional jobs, and support 80 students. The new building is now in use, increasing overall capacity by 40 students. Mia was able to nearly double her enrollment numbers and increase revenue by 29%. Mia plans to provide an expanded preschool program, virtual learning support, a summer camp, and before- and after-school programs with transportation options to and from local schools.

**A Child’s Heart Learning Center & Nursery, LLC** Supported by CDFI, MoFi Boise, Idaho







Owned by Emil Tutu, this Ghanaian family-owned grocery store offering African and Caribbean products has always been a popular choice in the eastern part of Raleigh. During the Covid-19 pandemic, the store saw a surge in demand – and sought financing to expand operations and purchase new equipment and inventory from Self-Help. Carolina International Mart was able to expand their store space by 50 percent and become a full-service grocery store, offering more meat, fish, fresh produce, and additional products they couldn't stock before.

### **Carolina International Mart**

Supported by Self-Help Raleigh, NC

“ Emil Tutu’s extensive experience in the grocery store business and the increasing demand for his goods made this a strong loan. On top of that, his expansion of fruit and vegetable options is in line with our support for increasing healthy food options in the community. He (Mr. Tutu) came to Self-Help because of a referral from a friend – and because he couldn’t find another lender.”

*Jennifer Sherwin, Self-Help CDFI Loan Officer*

Sisters Clara Hoyos and Cesarfina Cardona were raised in Colombia and learned to make clothing from their mother. Cesarfina opened Lyman Alterations nearly 20 years ago and Clara followed in her footsteps, opening Clara’s Alterations when she moved to the U.S. over a decade ago. Much of their work involves altering dresses and formal wear for weddings and proms. The pandemic halted such events, creating challenges for both shops. Cesarfina tried applying for a PPP loan online, but needed assistance navigating the process. She found CommunityWorks, to which she also referred Clara – and both sisters received the funds they needed to stay in business, along with business coaching as clients of the CommunityWorks Women’s Business Center.

### **Clara’s Alterations and Lyman Alterations**

Supported by CommunityWorks Greer and Lyman, SC





There is only one lightweight, fully portable, tubeless talkbox in the world, and it was created by this pioneering music technology company in West Oakland to expand a singer's range and creativity. Each device is handcrafted, and it's been used by musicians like Stevie Wonder and featured in Bruno Mars and Big Boi songs. ElectroSpit is Black-led, and the team is 86 percent people of color. The company is part of the Black Music Entrepreneurship Incubator, which serves as a cultural hub for musicians and artists of color in this historically Black community. They provide training, mentorship, and a living wage starting at \$25 per hour. Company co-founders Bosko and Maya Kante had relied on crowdfunding for capital because they did not have adequate collateral and hadn't been in business long enough to qualify for a mainstream bank loan. But at the end of 2021, Electrospit secured its first equity investment through ICA to help grow the brand in the professional musician market and to develop products with a lower price point that can be produced at scale.

**ElectroSpit** Supported by ICA West Oakland, CA

“ This is an exciting time of growth at ElectroSpit and Having ICA alongside us has been huge. The ICA team is a great partner in our growth and has ensured we are ready for scale and capital.”

*Bosko Kante, Co-Owner, ElectroSpit*

Lindsay Snowden served seven years as a field nurse in the U.S. Army. When she left the Army, she continued nursing for another 15 years, then started working as a part-time contractor to nurture her interest in carpentry. In 2017, Lindsay launched Purpose Driven Contractors to specialize in finish carpentry for residential properties. Along with a veteran-owned designation, the company is certified as a Minority Business Enterprise and a Women's Business Enterprise. In 2018, Lindsay approached Community First Fund for financing to help her business bridge the gap between when a contract is awarded and when payment is received, a common issue for contractors. At the onset of Covid-19 in 2020, Lindsay approached the CDFI again for support with a PPP loan, which she got, making it possible to retain her three employees.

### **Purpose Driven Contractors, LLC**

Supported by Community First Fund Harrisburg, PA







In May 2021, this 15,000-square-foot employee-owned cooperative market opened its doors thanks to financing and technical assistance from Finance Fund. The market was built in a federally recognized food desert to provide affordable, quality fresh produce and meat, as well as specialty, local, and organic products. It created 27 new jobs. Memberships to the market, which are priced on a sliding scale based on income and proximity, quickly surpassed the market's goal of 3,000. In addition to the market, the space is shared by a minority- and woman-owned coffee shop and a Federally Qualified Health Center, which operates 15 hours a week with allied health specialties.

**Gem City Market** Supported by Finance Fund Dayton, OH

“ Working with a mission-driven lender like Finance Fund was critical to our ability to meet startup costs at Gem City Market. Traditional lenders struggle to understand and meet the capital needs of neighborhoods like ours that are building back from systemic divestment, but Finance Fund's impact-oriented team and flexible financing was the perfect fit for our community-driven, employee-owned market.”

*Lela May Klein, Executive Director and Co-Founder, Co-op Dayton, developer of Gem City Market*

In 2018, Jillian Giles got a loan from Bridgeway Capital to transform a vacant church into the first women-only, long-term housing facility to support survivors of domestic violence, drug addiction, and homelessness beyond the 30 days most shelters offer. With that initial loan, Pearl's Serenity House offered two single bedrooms and eight double rooms to women who needed housing. During the pandemic, Jillian received a \$100,000 loan from Bridgeway Capital and used the funding to update the building, creating an intimate, home-like atmosphere staffed with trained counselors to foster sisterhood and personal growth among the residents.

### **Pearl's Serenity House**

Supported by Bridgeway Capital McKeesport, PA



“ Bridgeway helped us provide a safe and supportive environment for women to realize a hopeful future.”

*Jillian Giles, Founder, Pearl's Serenity House*

“ CEI has been a great partner to understand what our needs and challenges are as a small business and help us come up with a solution to help directly solve it. This funding allowed us to secure our large inventory needed to supply our growing business as well as allow us to continue our mission to buy directly from the farmers’ cooperatives.”

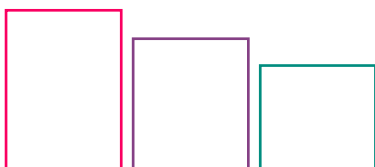
*Mike Mwenedata, Founder, Rwanda Bean Company*



In 2013, Mike Mwenedata founded this coffee retail and wholesale operation. Focused on small-batch, expertly roasted premium coffee directly sourced from Rwandan Coffee Farmers Cooperative, the company supports coffee farmers who typically receive less than one percent of what consumers pay for a cappuccino. Mwenedata, who immigrated to the United States from Rwanda, and his business partner, Ben Graffius, give 50 percent of the Rwanda Bean Company’s profits to the cooperative’s farmers for healthcare, education, and infrastructure services.

Since coffee shipping containers are imported and the Rwanda Bean Company had limited collateral, traditional banks were hesitant to provide working capital. So Mike and Ben approached Coastal Enterprises, Inc., for business advice and financing to help address their inability to secure inventory in bulk from Rwanda – an issue that has only gotten worse due to Covid-19. CEI provided the needed working capital and funds in December 2021 for marketing to help RBC grow its subscription business and diversify its revenue stream. As a result of the capital infusion, RBC was able to get their coffee into seven Whole Foods, five Hannaford stores, and get contracts to provide coffee for WEX and Canopy Hotel in Portland. The business is also exploring distribution opportunities in Singapore and South Asia and has opened a cafe and distillery in Kigali, Rwanda. The loan also helped the company retain seven jobs – and they expect to add five full-time employees within the next year.

**Rwanda Bean Company** Supported by Coastal Enterprises Inc. Portland, Maine







## Lessons Learned

- **Long-term, low-cost debt coupled with grant funding creates opportunities for CDFIs to lend capital to their communities**

Long-term loans with minimal restrictions combined with grant support can help CDFIs create greater impact in their local communities by multiplying their lending capacity, reaching more small businesses in need of financial assistance, and enhancing operational sustainability.

- **Technology assistance is needed to help CDFIs scale their ability to support small businesses**

Google.org's donated search advertising and pro bono technical assistance have helped more small businesses looking for financing find CDFIs, significantly expanding how deeply CDFIs are able to reach and impact their communities. In addition, CDFIs are able to access Grow with Google training and tools to help small businesses improve their online presence and reach new customers. Even so, CDFIs need more help extending their reach to small businesses and building their own technological capabilities to innovate, scale, and improve their operations.

- **Companies providing lower cost and flexible capital can be a source of funding to help CDFIs extend their reach**

CDFIs drive affordable capital to people and places traditionally shut out from mainstream financing markets. Over the past two years, loan capital and grants provided by Google and other corporations has allowed OFN to expand its geographic footprint, bringing more funding and loan products to areas that have been historically marginalized or underserved. CDFIs can expand their reach and diversify their capital base by looking beyond traditional capital providers such as banks and financial institutions and considering new sources such as corporations committed to creating positive social impact.

