



Small Business Impact Grant

Philanthropic capital fills a gap and shows early impact

Last fall, the Catalyst Funds provided the leadership and funding for the \$1.15M Small Business Impact Grant (SBIG), the largest single funding commitment ever made by the Community Foundation. These funds, awarded to six Community Development Finance Institutions (CDFIs) and other community-based lenders in the region, were the culmination of three years of intensive research and evaluation by staff, board members, Catalyst Fellows, donors and community partners.

The purpose of the Small Business Impact Grant is to increase area lenders' ability to offer more patient, flexible capital targeted to the needs of small business owners, with a particular focus on minority-owned businesses. The grant also requires the lenders to provide small businesses in-depth technical assistance and support to help them optimize their use of capital.

When funds were distributed in Fall 2021, the team thought it could take months to begin seeing results. In February, Zhaundra Jones, the Senior Program Officer who leads this grant program, and Gus Heard-Hughes, Vice President of Programs, spoke to the SBIG recipients and are excited to report that some grantees are already seeing an impact in the community.

SBIG Funding Update

Sabre Finance was awarded \$260,000 to leverage Small Business Administration (SBA) loan funds and technical assistance funds. Sabre is also working on plans to seed an angel investment fund in the spring that will support small, underserved businesses. The CEO of Sabre, Ray Morris, Ph.D., reports that the SBIG grant has already expanded their capacity to make loans, enabling them to close 20 loans totaling over \$1 million to small businesses in just the first quarter of 2022. The grant also serves as critical matching funds that will allow Sabre to request up to \$2.5 million in SBA microloan capital in 2022, a huge increase, and receive a larger SBA grant for technical assistance.

The \$110,000 grant to the **Hispanic Interest Coalition of Alabama (HICA!)** is providing support for their Camino Loan Fund to make more funds available to disadvantaged business owners, particularly members of the Latinx and immigrant communities. Since the grant was awarded, HICA! has been able to bring on a new Financial Coach and Loan Officer.

In November and December, HICA! provided loans to help open six businesses, supporting eight new jobs.

They have also expanded their technical assistance program, providing funds for marketing, accounting and occupational safety training.

Urban Impact's grant of \$110,000 is helping to capitalize their IMPACT microloan fund program. This program will offer multiple, flexible options to current and future small business owners located in underserved communities across the region. The program opened in November, and already 100 businesses have completed interest forms. Urban Impact is using the Catalyst funding, coupled with funding from PNC Bank, Iberia Bank, and others, to create new products like Credit Builder Loans as small as \$500; Business Expansion Loans up to \$10,000; and Forgivable loans, up to \$5,000 and District Development loans up to \$25,000 specifically for the Civil Rights/ 4th Avenue Business District. In March 2022, Urban Impact closed its first six loans under these new programs totaling \$77,000.

Urban Impact also will use the funding support their efforts in applying for certification to become a CDFI, which will allow them to access federal loan capital.

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One of the most inaccessible forms of capital for small businesses in our region, and especially those with founders of color, is equity investment capital. The \$260,000 grant to **Bronze Valley Foundation** is providing funding for early-stage investments in innovation and technology-enabled companies created by diverse, underrepresented founders. The Bronze Valley team is looking for new investment opportunities in 2022.

TruFund Financial Services is a national CDFI with the mission to promote and foster economic development within underserved communities and among disadvantaged populations. The \$155,000 grant is supporting their loan loss reserve as they expand their lending and array of technical assistance programs to underserved businesses in the Birmingham area.

TruFund is currently modeling revised loan sizes and terms for the region and will offer these products soon. They have had success with capital raise efforts in the region. Thanks in part to our SBIG funding for the loan loss reserve, TruFund secured a deal from Starbucks for a capital commitment in our region (they will be able to share the amount soon). TruFund's Kim Evans states that the CDFI 'has more capital to lend in Alabama today than ever in our 12 year history', positioning them well to help more businesses in the Birmingham area.

Alabama Small Business Development Initiative (ASBDI) is a nonprofit arm of the Birmingham Business Resource Center. They were awarded a \$260,000 grant to establish a revolving loan fund that provides affordable interest rates and extended repayment terms to underserved businesses. ASBDI worked with the Community Foundation and City of Birmingham to administer the Birmingham Strong Fund program, providing over \$2M in emergency loans to 100 small businesses impacted by COVID. They are deploying final funds from Birmingham Strong in 2022 and will build on that success to establish a permanent revolving loan fund with help from the new grant.

"It is so exciting to see these funds being deployed so quickly. It really illustrates that there was a demand in the marketplace that, for whatever reason, it wasn't as easy for private dollars to meet." said Zhaundra Jones. "It's even more exciting to see philanthropic capital jump in and fill that gap in a way that supports growth and expansion. To see those funds being utilized to create jobs, generate income and support communities is what we're after. I can't wait to see what the long-term impact will be on Birmingham."

First SBIG Loan from ¡HICA!

Loan supports a Happy Angel

Kerlyn Mendez has always had an entrepreneurial spirit, but it wasn't until she moved to Alabama that she decided it was time to start her own business. Her passion for decorating and crafts led her to the leadership course at ¡HICA! that helped her develop a plan for her own floral design and decorating business. In 2019 she received a loan from Affinity Group Lending, ¡HICA!'s micro-loan program supported by a grant from the Community Foundation, and opened her own business, Happy Angels.



Over the last two years, Kerlyn has participated in ¡HICA!'s Financial Capability courses that are helping her run her business. In December, thanks to the Small Business Impact Grant from the Community Foundation, ¡HICA! made an additional \$7,000 loan to Happy Angels, allowing Kerlyn to expand her growing business.

Regional Cooperation

JC3 holds first Deep Dive

The Jefferson County Councilor Coalition (JC3) was created in 2019 to bring together city council members from across the county to develop

opportunities for cooperation. In 2020, the Jefferson County Commission awarded a grant to the Community Foundation to provide support in developing a comprehensive framework and implementation plan for cross-municipal cooperation.

Over the last 15 months, Community Foundation Programs Team members Quang Do and Gus Heard-Hughes have been working with the JC3 to build and strengthen the partnership. In December, JC3 hosted its first deep-dive to identify priorities for collaboration. The councilors identified expanding trail systems and transportation as two areas they want to focus on in 2022. In addition, they are working to engage more city council members in the coalition.



Members of the Jefferson County Councilors Coalition at their December deep dive.

In other news, the Jefferson County Mayors Association (JCMA) hosted its annual deep dive in May 2021 and unanimously adopted the Good Neighbor "No Poaching" Pledge. This means that the JCMA endorses and promotes the pledge throughout the entire county as opposed to just a select group of mayors.



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