



PA CDFI NETWORK

BUILDING PENNSYLVANIA'S CDFI ECOSYSTEM



IMPACT REPORT

2023

Dear Friends,

We are delighted to present the Pennsylvania CDFI Network's 2023 Impact Report. This report provides an overview of the remarkable financial support that our members provided to thousands of small business owners throughout the state. Our collective successes over the past year extend well beyond financial performance. We remain fully driven by our commitment to positively impact low-to-moderate income business owners and communities across the Commonwealth in everything that we do. Thus, we call attention to our outstanding growth as an organization and wish to celebrate our unique accomplishments as Pennsylvania's first and only coalition of Community Development Financial Institutions (CDFIs).

In 2023, we continued to address the profound shifts that the small business and community development ecosystem faced in the wake of the pandemic. The Network seized the opportunity to foster collaboration amongst Pennsylvania's small business loan fund CDFIs, creating a pathway to prosperity for many.

The incredible work of our members during challenging times has resulted in three highly impactful programs:

- The Growth, Resilience, Independence, and Tenacity (GRIT) Fund, developed in collaboration with banks in the Philadelphia region
- The Small Business Growth program; and
- The State Small Business Credit Initiative (SSBCI) program

The Network's extraordinary advocacy efforts have enabled us to build relationships and gather the invaluable support of banks and Pennsylvania's elected officials, amounting to \$340 million in funding since 2020. These funds helped the network provide the aforementioned programming as well as grants, loans, and technical assistance supporting member CDFIs and the small businesses. This important work advances the Network's mission and has resulted in a diverse community of investors and donors rising to the occasion and filling a critical need during a period of financial hardship - to them, we are eternally grateful.

The Network's members, staff, and Board are proud of the ways in which our members play a critical role in helping to ensure the continued stability of Pennsylvania's economy by supporting our state's small businesses and - by extension - the hard-working families that run these businesses as well as the people they employ. As we embark on the next program to distribute grants to historically disadvantaged small businesses and technical assistance funds to CDFIs, we celebrate the Network's past and promising future. We express our utmost gratitude to all member CDFIs for their unwavering commitment, dedication to their work, and their willingness to collaborate that demonstrate our greatest strengths as a coalition.

Respectfully,



Varsovia Fernandez
Chief Executive Officer



Daniel Betancourt
Chair of the Board

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About the Network

The Pennsylvania CDFI Network is a statewide coalition of 18 mission-driven community development financial institutions (CDFIs) that provide affordable loans, grants, and business advisory services to small businesses who are unable to access financing through traditional channels. As a 501(c)(3) organization, most of our services are directed towards low and moderate income owners and minority-owned small businesses that serve neighborhoods.

Mission

To enhance the capacity and reach of its member CDFIs, both individually and collectively, to serve all people and places across Pennsylvania.

Vision

That all communities across the Commonwealth gain access to the flexible capital and business support opportunities provided by CDFI's.

431 GRIT Fund Loans

to Black and Brown small businesses retaining over 1,670 jobs and assisting 1,600 with technical assistance.

\$28.3 Million

in patient capital investment contributed by GRIT Fund participating banks for loans to BIPOC business owners and \$5.5 million for loan loss reserves, operations and technical assistance to CDFIs.

\$4 Million

of Small Business Growth ARPA funds to CDFIs for loans, grants, and technical assistance for small businesses located in low to moderate income neighborhoods. In 2023, CDFIs closed 200 loans and provided technical assistance to 600 small businesses.

\$45 Million

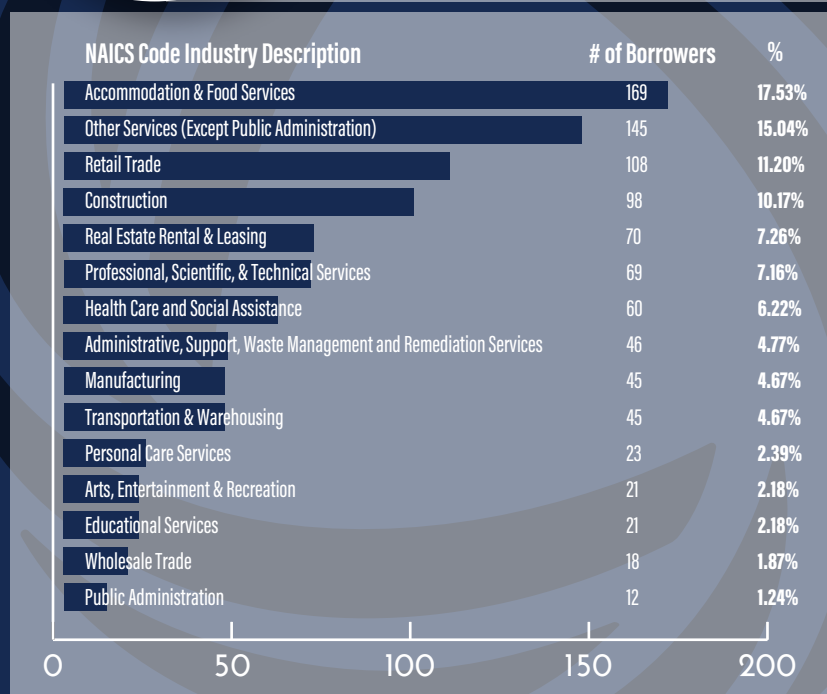
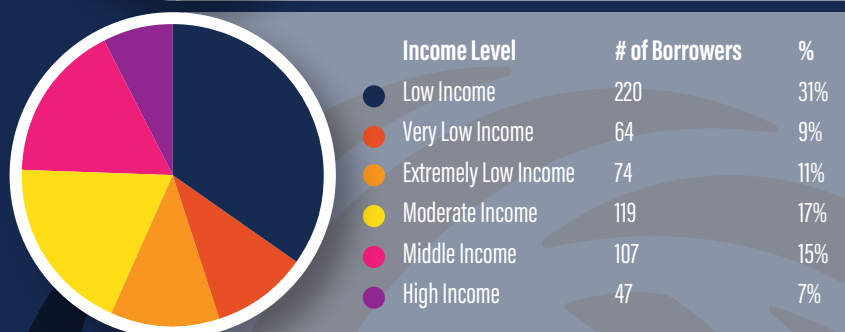
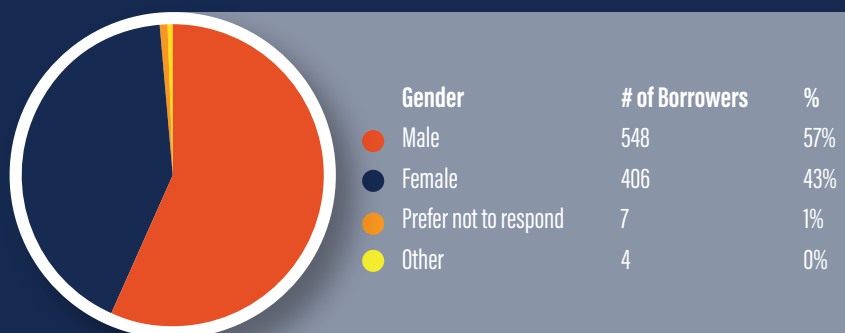
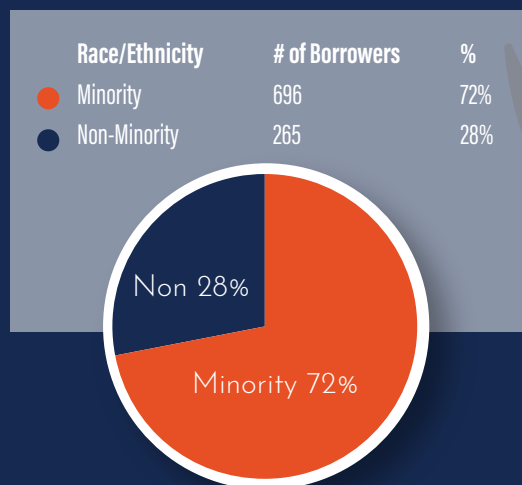
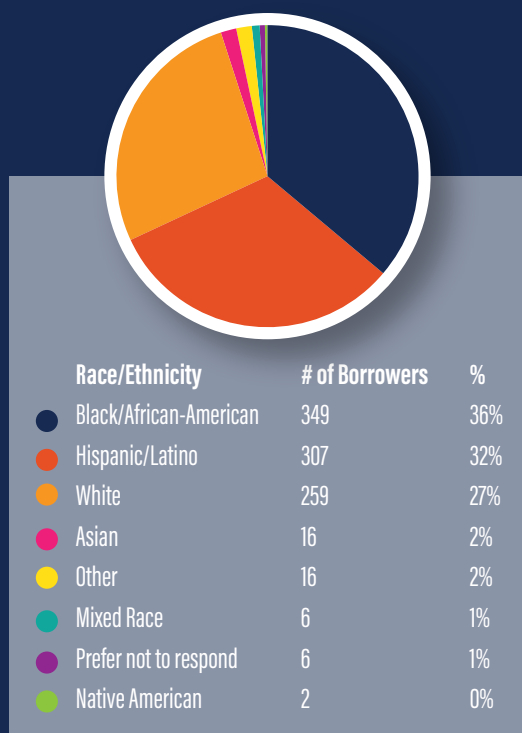
secured in State Small Business Credit Initiative (SSBCI) funds from the PA-DCED for affordable financing to PA small businesses.

Network Performance by the Numbers

\$815,559,000

Outstanding Loans Portfolio among the 18 member CDFIs

\$190,242,000 in loans closed in 2023 for a total of 1,102; demographics as follows:





Never Rest Towing

With a lineage of auto workers spanning generations, it's safe to say that automobiles are in Shyra Oliver's blood. Her family has been in the trucking industry for three generations. Initially, she didn't have much interest in joining the family towing business, but the combination of the COVID-19 pandemic and an unfulfilling job caused her mindset to shift. Despite her initial reservations, Shyra fell in love with the auto industry. Without any pressure from relatives, she and her cousin took over the family business.

Once she began devoting time and attention to the day-to-day business management, Shyra quickly realized that she would need outside help to take the business to the next level. She first met Network member Neighborhood Community Development Fund's senior loan manager Rich Newell at a networking event in Penn Hills, a suburb of Pittsburgh. Shyra said that upon reaching out to Newell for assistance, he was enthusiastic about the opportunity.

NCDF provided Never Rest Towing with working capital to purchase towing equipment, advance technology, and cover employee related costs. Both financial and technical assistance services were provided to address development needs, and NCDF also helped with increasing brand awareness and finding customers. Thanks to the financing from NCDF, Shyra can focus on her next steps: maintaining her equipment, growing her business so that she can meet the demand of removing illegally parked vehicles, helping stranded drivers, and someday expanding beyond towing to develop her own salvage yard.

Above all, she's thrilled that she's able to provide a valuable service to her community while doing something that she didn't think she would enjoy so much.

"I love this. It's my playground," Shyra said.



“Our investment and support of Pennsylvania's small businesses has been crucial over the past three years, as we addressed the difficulties presented by COVID-19 and the economic downturn that followed. Through ongoing collaboration between DCED, the legislature, and the PA CDFI Network, we remain dedicated to empowering small businesses across the Commonwealth. By leveraging technical assistance, grants, and improved access to capital facilitated by CDFIs, we aim to foster sustainable growth and equitable prosperity across all communities in Pennsylvania.

Mandy Book, Deputy Secretary of Business Finance
Pennsylvania Department of Community and Economic Development.



NCDF provided technical assistance services with Small Business Growth ARPA funding to address development needs.



Watch Us Grow



In 2016, Manuel Calcano and Jeresky Martinez recognized the need for quality education and care for children in Allentown. Each with a background in behavioral science, they founded a daycare – Watch Us Grow (Grow Assoc.) – to address the needs in their community. In their first year, the daycare saw phenomenal growth and Manuel and Jeresky sought to purchase their building. After a bank partner referred them to Network member Community First Fund, the CDFI not only secured an SBA guaranteed loan, but helped them with their business plan to make sure their growth and impact continued.

Since 2017, Community FirstFund has provided additional capital using public and private funding. They also helped Grow Associates to secure Paycheck Protection Program funds during the COVID pandemic closures, part of which helped provide prepared meals for kids even while the school was closed.

Today, Watch Us Grow Daycare offers trustworthy childcare 24 hours a day, 7 days a week, with emergency drop-in service and state-of-the-art security. They have the top rating of 4 from Keystone STARS and are a bilingual daycare and elementary school, employing over 40 staff – most of whom are Latino. Over 90% of the 250+ students are subsidized and receive all meals and snacks at the center. Community First Fund is committed to developing unique funding options for all their clients and look forward to partnering with Grow Associates as they continue to expand their reach and impact in the Lehigh Valley Area.

“The investments we made in Pennsylvania small businesses provided a lifeline during and after the pandemic. These funds continue to contribute to education and growth through technical assistance that supports the well-being and success of historically disadvantaged business owners, families, and neighborhoods. When we support our small businesses, we are really supporting people and the vibrancy of our communities.”

Pennsylvania Senator Vince J. Hughes.



Kane Manor Inn

Debra Miller had a sweet job as the U.S. chocolate industry's top scientist. But, she soured on the travel. Her husband Ben craved something less physical than running Cocoa Kayak Rentals. They saw a property listed online in Kane, McKean county, that suited their tastes: The Kane Manor Inn bed & breakfast. "This is what we're going to do," they vowed, Debra says, recalling the moment when they made the decision to purchase Kane Manor. "We're going to buy this place." So, we did." They sought traditional financing to renovate the shuttered speakeasy and the portico, but interest rates were too rich.



Thankfully, the Millers had another option. The North Central Pennsylvania Regional Planning and Development Commission referred the Millers to Network member The Progress Fund, who loaned \$212,000 – enough to renovate, plus refinance a line of credit.

Kane Manor was home to a legendary family with a heritage of military and medical leaders and explorers. The eccentric side of the family included heir Elisha "Sashy" Kent Kane III who took a different life's course and left his handprint by painting the manor table. With a celebration of his worldly adventures, Sashy's Taproom channels his Prohibition Era mischievousness, complementing Friday Drinks on the Veranda to coax both travelers and locals.

"Kane Manor will help the entire region to take advantage of the beautiful setting here with the forest we're next to, all of the hiking trails, all of the activities," says Debra. And, around mid-February, she'll add another enticement: Chocolate Weekend.





TEC Capital Seeds Business Growth with a Brand New Fund

The Network's members are constantly innovating and developing new programs and financial products to meet the needs of our state's entrepreneurs who are not able to access the financing that they need through traditional capital markets: Bridgeway Capital's Creative Business Accelerator, Women's Opportunities Resource Center's Microloan paired with a grant, and Community First Fund's Affinity Group Lending Program are just a few examples. In that same spirit, in 2023, Network member The Enterprise Center Capital Corporation (TEC Capital) launched an exciting new investment platform dedicated to accelerating the growth of minority and women-led businesses: its first Seed Fund.

TEC Capital's Seed Fund champions diversity and innovation, spotlighting four preferred sectors: Food, Technology, Healthcare, and Consumer Packaged Goods. TEC Capital is not just an investor: they serve as a partner and catalyst for the businesses that they fund. Their unique approach blends capital infusion, strategic connections, and expert mentorship - supported in part by funding from the PA CDFI Network - all to propel product innovation and catalyze growth.

Says TEC Capital head Ian Lawrence: "We recognize that a significant hurdle faced by minority founders is the lack of access to patient capital during the crucial early stage of their business life cycle. Our Seed Fund aims to build the runway on which exceptional women and minority entrepreneurs can gain momentum and ultimately take flight."

The TEC Capital Seed Fund invested in 3 businesses in 2023, including Philadelphia, Pennsylvania-based Hidden Gems Beverage Co. This business co-founded by Drexel University alumni Zuri Masud and Sheetal Bahirat - seeks to develop functional, specialty, and sustainable foods with the launch of Drink Reveal, an avocado seed brew which has several benefits; it is antioxidant rich, good for gut health, and zero added sugar. TEC Capital and The Enterprise Center's US-Minority Business Development Agency Equity Multiplier Center have supported Hidden Gems throughout their fundraising journey, and the TEC Capital team was thrilled to invest \$250,000 in their current fundraising round! Hidden Gems is equally impressed with the support provided by their CDFI partner: "As a company, we have been a part of many accelerator programs and attended many events which helped us get started with making a pitch deck and a narrative - but the personal attention we received from the team has by far been 100x more helpful." -Sheetal Bahirat.



“ The GRIT Fund has been an important opportunity for financial institutions and other partners to collectively provide more support to our region's Black and Brown small businesses with a model sustained over many years. We are proud to have successfully deployed additional resources to business owners and entrepreneurs by building local capacity in partnership with our critical CDFI partners; increasing access to capital and technical assistance; and ultimately building a path for wealth for the low-to-moderate income communities served.

Jim Dever, President, Bank of America Greater Philadelphia & Greater Philadelphia Financial Services Leadership Coalition Co-Chair.



Continued support from the PA-CDFI Network is critical for all of our member CDFIs to propel product innovation and catalyze growth.

PA CDFI NETWORK

ASSETS Lancaster

Beech Capital Venture Corporation

Bridgeway Capital, Inc.

Community First Fund

Entrepreneur Works

Impact Loan Fund

JARI Growth Fund

Metro Action

Neighborhood Comm. Dev. Fund

Neighborhood Progress Fund

PIDC Community Capital

Reinvestment Fund

Rising Tide Community Loan Fund

The Enterprise Center Capital Corp.

The Progress Fund

United Bank of Philadelphia

VestedIn

Women's Opportunities Resource Center

SERVING

ALL

67
COUNTIES



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