PHILADELPHIA GRIT FUND FACT SHEET

PA CDFI NETWORK

WHAT IS THE PHILADELPHIA GROWTH, RESILIENCY, INDEPENDENCE, TENACITY FUND (GRIT FUND)?

The Philadelphia GRIT Fund is a program that provides resources to support expansion of the Community Development Financial Institutions (CDFIs) serving Philadelphia, to increase economic and financial opportunities for business owners with low-to-moderate income. The program will specifically fund three streams identified by members of the Greater Philadelphia Financial Services Leadership Coalition (GPFSLC) as critical in helping Philadelphia CDFIs build the structure required to serve low-to-moderate-income-owned businesses adequately. The Pennsylvania CDFI Network operates the GRIT Fund and contributions supporting it flow from the GPFSLC membership.

HOW DOES THE GRIT FUND HELP SMALL BUSINESSES?

CDFIs are known to be "first responders" during periods of economic turmoil because of their keen knowledge of and connection to the markets they serve. For nearly three decades, Philadelphia CDFIs have provided flexible, affordable, and responsive financial products and business support services. The GRIT Fund will increase access of the following products and services for low-to-modrate-income-owned small businesses:

- Access to capital
- Peer and affinity group lending programs
- SBA loans
- Micro loans
- Flexible customized loans
- Advisory services/business counseling
- Accounting
- Legal
- Strategy
- Marketing
- Risk
- Customized hands-on technical assistance
- Assistance with business planning
- Budgeting
- Training on best practices
- Business skills tools and education
- Credit building and repair education

PHILADELPHIA CDFI PARTNERS

- Beech Capital
- Community First Fund
- Entrepreneur Works
- The Enterprise Center Capital Corporation
- Impact Loan Fund
- Neighborhood Progress Fund
- PIDC Community Capital
- Reinvestment Fund
- United Bank of Philadelphia
- VestedIn
- Women's Opportunity Resource Center

WHAT DOES THE GRIT FUND SUPPORT?

The GRIT Fund continues to enhance the Philadelphia CDFI ecosystem by properly serving low-to-moderate-income-owned businesses equitably. CDFIs will address the barriers faced by these businesses to bolster their growth. Specifically, the GRIT Fund supports:

Capacity Building boosts the operational infrastructure and lending capabilities of Philadelphia CDFIs to provide adequate services to small businesses. The GRIT Fund provides two funding streams for capacity support to CDFIs:

1. **Balance sheet capacity** support for loan loss reserves and lending capital necessary to make loans to small businesses. These funds are not spent in operations.

2. **Operational capacity** support for the day-to-day activities of the organization including technology upgrades and systems capacity, marketing, staff and benefits, and other expenses necessary to strengthen and sustain CDFIs.

Capital Investment: as a CDFI centric model, the capital investment component helps members of the GPFSLC to contribute through patient debt or investment capital. Banks will negotiate directly with each CDFI and investment is accepted at their discretion. CDFIs will lend this capital to small businesses.

Technical Assistance: also known as business counseling in the CDFI industry, technical assistance is major part of the services that CDFIs provide to low-to-moderate-income-owned small businesses. The technical assistance component of the Philadelphia GRIT Fund provides access to industry professionals that are committed to mentoring and coaching businesses in accounting, legal, risk/insurance, marketing, human resources, business planning, and more. Business owners also gain access to professional networks through this initiative.

SEE REVERSE SIDE

WHY DIRECT INVESTMENT IN CDFIs AND NOT IN SMALL BUSINESSES?

CDFIs play a significant role in helping all small businesses throughout the Philadelphia region and in particular in Philadelphia's neighborhoods. Together, the region's CDFIs mostly serve low income communities and provide approximately 50% of their loans to businesses owned by people with low income. CDFIs are able to innovate and focus on providing an educational and technical assistance approach to services for entrepreneurs and small businesses. CDFIs have direct access to small businesses and offer more flexibility when lending. CDFIs, both emerging and mature, need access to new and innovative sources of capital to increase their capacity to offer flexible and affordable loans to low-to-moderate-income-owned businesses.

ABOUT THE PENNSYLVANIA CDFI NETWORK

Founded in 1997 as a 501(c)(3) organization, the PA CDFI Network is a collective of 18 mission-driven Community Development Financial Institutions that provide affordable loans and technical advisory services to companies unable to access financing through traditional channels. Most of the lending is directed to small businesses serving lower income neighborhoods. The Network focuses on increasing the capacity and sustainability of its members.

Network strategic goals include increasing members' loan capital and technical assistance resources to benefit historically disadvantaged businesses. Members share best practices in lending and risk management. The Network has the capacity to engage with large scale funders, allowing for the deployment of more resources to a wider range of business owners than any one CDFI can serve. Eleven of these CDFIs serve the Great Philadelphia region with a strong focus on assisting low-to-moderate-income business owners.

ABOUT THE GREATER PHILADELPHIA FINANCIAL SERVICES LEADERSHIP COALITION (GPFSLC)

The GPFSLC is a coalition of financial services leaders, active in the business community, who are concerned about the growth and sustainability of small businesses. Its purpose is to work collectively, alongside the public sector and community partners, to solve the region's most pressing issues related to, and in support of, low-to-moderate-income-owned small businesses. The GPFSLC works to leverage, support, and scale existing successful efforts by helping seed new initiatives and opportunities to solve pressing issues; and increasing the resources from the financial sector that are invested to support small businesses and the organizations that invest in them.

Financial services organizations share similar business and regulatory interests, and helping small businesses succeed provides an organic approach to collaboration. In working to achieve a common goal, members of the Coalition understand they must pursue efforts in partnership with organizations currently providing small businesses services, including funding resources.

GPFSLC partners are Chamber of Commerce for Greater Philadelphia, City of Philadelphia, Federal Reserve Bank of Philadelphia, Urban Affairs Coalition, Pennsylvania CDFI Network, and local businesses.

Members of the GPFSLC include Asian Bank, Bank of America, BlackRock, FirsTrust, Impact Services, JP Morgan Chase, TD Bank, PNC Bank, Santander, Fulton Bank, Citizens Bank, Customers Bank, C&N Bank, OceanFirst, Republic, M&T Bank, Meridian, Haverford Trust, FS Investments, UBS, BNY Mellon, Hamilton Lane, Goldman Sachs, Macquarie, MidPenn, SEI, Truist, Vanguard, WSFS, Wells Fargo, Univest, and United Bank of Philadelphia.

GRIT Fund Program Contributors Include:

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Citizens · customers bank · Fulton Bank · JPMorgan Chase & Co.
M&T Bank · PNC · TD Bank · TRUIST
UNIVEST · UNITED BANK OF PHILADELPHIA · WELLS FARGO · WSFS bank

GREATER PHILADELPHIA FINANCIAL SERVICES LEADERSHIP COALITION
SOLVING THE REGION'S MOST PRESSING ISSUES TO SUPPORT BLACK AND BROWN BUSINESSES

PA CDFI NETWORK

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