



Supporting small businesses.  
Strengthening communities.

# 2024-2028 Strategic Plan



# Introduction

Allies for Community Business (A4CB) supports small businesses that strengthen their communities.

We provide the capital, coaching, and connections entrepreneurs need to grow great businesses that create jobs and wealth in their communities. By primarily serving Black, Hispanic/Latinx, women, and low-income entrepreneurs throughout the Chicagoland area and beyond, we create opportunity in areas that need it most. As a Community Development Financial Institution (CDFI), we are a team of 35 professionals that value accountability, collaboration, respect, and passion and are proud to be based at The Hatchery (an incubator that we co-own) on Chicago's West Side.

In the three years before the pandemic, we provided 1,200 loans and grants for \$11M and served 9,000 entrepreneurs. In the three years since the pandemic began, we have provided over 30,000 loans and grants for over \$700M and have served 55,000 entrepreneurs. But we know that diverse entrepreneurs still seek assistance to help them grow, and so we must do more.

We believe that if we create a great experience, offer funding for free or at a reasonable price, offer coaching that provides actionable advice, and provide connections to everything else entrepreneurs need, then we will help neighborhood entrepreneurs create greater wealth and jobs in our communities. In doing so, A4CB will generate the support and earned revenue we need to grow sustainably over time.

We have created this strategic plan to guide our decision-making and culture-building from 2024 to 2028. We will pursue our six strategic priorities relentlessly and will update our implementation plan and financial forecast each year to keep the plan current and actionable. We invite you to read this strategic plan and find yourself within it as a community business owner, a community partner, or a supporter of our work.

We are grateful to our Board of Directors, our planning partners from The Care Plan and Wilkerson + Company, our government and community partners, and our investors for supporting our planning and our daily work. Most importantly, we are grateful to the community businesses we serve who are creating wealth and jobs each and every day.

## Contents

- 2 Introduction
- 3 Executive Summary
- 4 The Challenge and the Opportunity
- 6 Our Strategic Priorities
- 13 Implementing the Plan
- 15 Our Financial Forecast

*Pictured on the cover:*

*Top right: Juan Betancourt  
ArePA George*

*Bottom left: Lashon Burrell  
Cajun Café Chicago*

*Bottom right: Melissa Villanueva  
Brewpoint Coffee*



*The team at Allies for Community Business*

# Executive Summary

We believe that entrepreneurs from any background can start and grow businesses that create generational wealth for their families and communities. But diverse entrepreneurs too often start with less wealth, receive less responsible financing, and suffer through frustrating experiences, and therefore feel less trust in finance providers than their wealthier and white peers.

To help community businesses combat these challenges, A4CB will pursue the following priorities over the next five years:

- 1. Improve the experience of diverse entrepreneurs**

Entrepreneurs from any background will efficiently find the offerings and people they need to grow their businesses, IF we create deep trust and provide consistent value.

- 2. Strengthen how we measure and communicate our impact**

Investors and partners will want to work closely with us, IF we effectively promote the value we create for entrepreneurs and our communities.

- 3. Enhance our place-based investments at The Hatchery and beyond**

Entrepreneurs in our incubator and in promising commercial corridors will enhance the vibrancy of our communities, IF we help them find, negotiate, organize, and finance high quality spaces.

- 4. Expand our lending and grantmaking to serve more businesses while improving our economics**

Entrepreneurs will receive more of the financing they need in more locations, IF we grow our capital offerings sustainably.

- 5. Structure our financials and program management for sustainable growth**

Investors will help us serve more entrepreneurs, IF our finances grow stronger over the long term.

- 6. Embed diversity, equity, inclusion, accessibility, and belonging principles into everything that we do**

Our team will provide better service to entrepreneurs and each other, IF we center diverse experiences more explicitly in how we function.

If we implement our plan successfully, we expect to grow our net assets from \$18.4M to \$25.0M between 2024 and 2028. We will update our implementation plan and financial forecast each year in partnership with our Board of Directors. We are eager to begin.



# The Challenge and the Opportunity

We believe that entrepreneurs from any background can start and grow businesses that create generational wealth for their families and communities. That vision of wealth and jobs through entrepreneurship is well-informed: a recent report found that the median net worth for Black business owners was 12 times higher than Black nonbusiness owners, and all Black job seekers in the country would be employed if 15% of Black-owned sole proprietorships could hire one Black employee and all Black-owned employers could hire two more Black people on average.<sup>1</sup> Further, as the pandemic recedes there is some evidence that confidence to start and grow businesses is returning. In 2022 ambitious entrepreneurs in a wide range of industries filed nearly 1.7 million applications for businesses likely to hire employees, a 28% increase over the pre-pandemic baseline and the second largest total on record.<sup>2</sup> In Chicago, 54% of businesses reported in 2022 that their business is performing better compared to the start of the pandemic.<sup>3</sup>

However, for this vision to become a reality, we must address several challenges. Diverse entrepreneurs too often start with less wealth, receive less responsible financing, and suffer through frustrating experiences, and therefore feel less trust in finance providers.

## Start with less wealth

First, Black and Hispanic/Latinx entrepreneurs often start with less wealth than their white peers; on average they own about 24 cents for every \$1 of white family wealth.<sup>4</sup> In Illinois, white households own 1.9 times the wealth of Latinx households.<sup>5</sup> In Chicago, the median wealthy neighborhood receives 4.3 times as much market investment per household as the median poor neighborhood, while majority-white neighborhoods receive 4.6 times as much market investment per household as majority-Black neighborhoods and 2.6 times as much investment as majority-Latinx neighborhoods. Even after government and philanthropic interventions are accounted for, majority-white neighborhoods still receive 2.9 times as much investment per household as majority-Black neighborhoods, and wealthy neighborhoods receive 2.6 times the investment of poor neighborhoods.<sup>6</sup> Less wealth means less capital to bootstrap a business, which means greater dependence on outside capital and higher operating expenses due to the debt repayments.

## Receive less responsible financing

Unfortunately, though Black and Hispanic/Latinx entrepreneurs are more likely to need financing, they are less likely to receive the assistance they need. According to a recent survey, 30% of Black entrepreneurs and 19% of Hispanic entrepreneurs needed more capital beyond the startup phase compared to 14% of white entrepreneurs, yet of those who sought financing only 14% of Black entrepreneurs and 19% of Hispanic entrepreneurs received what they requested compared to 34% of white entrepreneurs.<sup>7</sup>

A separate survey of entrepreneurs reported a similar finding: just 16% of Black businesses and 19% of Hispanic businesses received the funding they sought, compared to 35% of white businesses.<sup>8</sup> Exacerbating this problem is the fact that approximately 26 million people are “credit invisible” and another 19 million adults in the U.S. have “unscorable” credit records.

1 Association for Enterprise Opportunity (AEO), “The Tapestry of Black Business Ownership in America: Untapped Opportunities for Success,” February 2017, accessed on 11.12.23 at [https://aeoworks.org/wp-content/uploads/2019/03/AEO\\_Black\\_Owned\\_Business\\_Report\\_02\\_16\\_17\\_FOR\\_WEB-1.pdf](https://aeoworks.org/wp-content/uploads/2019/03/AEO_Black_Owned_Business_Report_02_16_17_FOR_WEB-1.pdf)

2 Economic Innovation Group, “Startup Surge Stood Firm Against Economic Headwinds in 2022,” January 2023, accessed on 11.12.23 at <https://eig.org/2022-business-formation/#:~:text=Over%20the%20course%20of%20the,largest%20haul%20of%20the%20series>

3 Chicagoland Chamber of Commerce, “2022 Chicagoland Small Business Outlook Survey,” April 2023, accessed on 11.12.23 at <https://media.chicagolandchamber.org/wp-content/uploads/2023/04/18171149/Chicago-Small-Business-Outlook-Survey-Results.pdf>

4 Federal Reserve Bank of St. Louis, “The State of U.S. Wealth Inequality,” October 2023, accessed on 11.12.23 at <https://www.stlouisfed.org/institute-for-economic-equity/the-state-of-us-wealth-inequality>

5 Brookings Institution, “Closing the Latino wealth gap: Exploring regional differences and lived experiences,” October 2023, accessed on 11.12.23 at <https://www.brookings.edu/articles/closing-the-latino-wealth-gap-exploring-regional-differences-and-lived-experiences/>

6 Urban Institute, “Neighborhood Disparities in Investment Flows in Chicago,” May 2019, accessed on 11.12.23 at [https://www.urban.org/sites/default/files/publication/100261/neighborhood\\_disparities\\_in\\_investment\\_flows\\_in\\_chicago\\_1.pdf](https://www.urban.org/sites/default/files/publication/100261/neighborhood_disparities_in_investment_flows_in_chicago_1.pdf)

7 Kauffman Foundation, “Access to Capital for Entrepreneurs: Removing Barriers (2023),” June 2023, accessed on 11.12.23 at <https://www.kauffman.org/entrepreneurship/reports/access-to-capital-removing-barriers-entrepreneurs-2023/>

8 Federal Reserve System, “2022 Report on Firms Owned by People of Color Based on the Small Business Credit Survey,” September 2022, accessed on 11.12.23 at <https://www.fedsmallbusiness.org/survey/2022-report-on-firms-owned-by-people-of-color>

## The Challenge and The Opportunity (continued)

Together, this accounts for almost 20 percent of the entire U.S. adult population, which banks struggle to assist.<sup>9</sup> Even worse, when business owners do find financing it is often harmful because some providers charge annual percentage rates (APRs) as high as 350%. Those predatory online lenders usually hide the loan terms in the fine print, because there is no Truth in Lending Act for small businesses.<sup>10</sup>

### Suffer through frustrating experiences

In an attempt to secure the cash they need but cannot find, Black- and Hispanic-owned firms are more likely to apply to nontraditional online lenders, with 33% and 29% respectively applying to a nontraditional online lender compared to 23% of white owners.<sup>11</sup> Users of these nontraditional services report far lower satisfaction than when working with banks and credit unions. For example, the Federal Reserve described focus group participant feedback for several online lender websites such that “estimating interest rates for purposes of comparing costs of online products with traditional credit products proved difficult.”<sup>12</sup>

### Feel less trust in finance providers

This lack of access to capital leads to a lack of trust in financial institutions, which exacerbates the problem. Approximately 67% of Black-owned firms and 50% of Hispanic-owned firms expect their business would not qualify for financing, compared to 43% of white-owned firms.

All of this leads to a fundamental problem of trust. In a recent report, AEO declared that “trust is imperative to successful business ownership” and “the trust gap can be a barrier to growth for all businesses, but it is a major barrier for Black owned businesses.” They continue: “the trust gap can be defined as a breach in relationship between Black business owners and their business ecosystem.” The organizations trusted least by Black business owners are large banks, for-profit lenders, equity providers, and chambers of commerce. The organizations trusted most are small business and technology development centers, Black business owner networks, and community banks and credit unions (community development organizations and nonprofit lenders were further down the list).<sup>13</sup>

Most entrepreneurs don’t know that community development financial institutions like A4CB exist; just 4% applied to CDFIs in 2022, unchanged from previous years.<sup>14</sup> For those that do know CDFIs are eager to help, demand remains strong for mission-driven lending; in 2022, 75% of CDFI loan funds reported that demand has increased relative to the previous year.<sup>15</sup>

To meaningfully help diverse entrepreneurs fight through these obstacles, A4CB must create relationships built on trust, say Yes to far more applicants who seek flexible and fairly priced capital, and compliment that financing with the coaching and additional services that community businesses need to thrive within their industry and location of choice. We know that this work must continue over the long term, so we must structure our financials for long term sustainability and we must measure carefully the value we are creating so that we can learn from what works. These insights inform the strategic priorities that follow.

9 Consumer Financial Protection Bureau, “Data Point: Credit Invisibles,” May 2015, accessed on 11.12.23 at [https://files.consumerfinance.gov/f/documents/cfpb\\_data-point-credit-invisibles\\_2015-05.pdf](https://files.consumerfinance.gov/f/documents/cfpb_data-point-credit-invisibles_2015-05.pdf)

10 Responsible Business Lending Coalition, “Responsible Business Lending Coalition Applauds CFPB’s Groundbreaking Efforts to Expand Access to Responsible, Affordable Financing for Small Business Owners,” April 2023, accessed on 11.12.23 at <http://www.borrowersbillofrights.org/statement-on-cfpb-actions.html>

11 Federal Reserve System, “2022 Report on Firms Owned by People of Color Based on the Small Business Credit Survey,” September 2022, accessed on 11.12.23 at <https://www.fedsmallbusiness.org/survey/2022/2022-report-on-firms-owned-by-people-of-color>

12 Board of Governors of the Federal Reserve System, “Access to Financial Services Matters to Small Businesses,” November 2019, accessed on 11.12.23 at <https://www.federalreserve.gov/publications/2019-november-consumer-community-context.htm>

13 Association for Enterprise Opportunity (AEO), “Mending the Tapestry,” November 2022, accessed on 11.12.23 at <https://aeoworks.org/wp-content/uploads/2022/11/Report-Mending-the-Tapestry.pdf>

14 Federal Reserve System, “2023 Report on Employer Firms: Findings from the 2022 Small Business Credit Survey,” accessed on 11.12.23 at <https://www.fedsmallbusiness.org/survey/2023/report-on-employer-firms>

15 Federal Reserve System, “2023 CDFI Survey Key Findings,” August 2023, accessed on 11.12.23 at <https://fedcommunities.org/data/2023-cdfi-survey-key-findings/>

# Our Strategic Priorities

## Improve the experience of diverse entrepreneurs

*Entrepreneurs from any background will efficiently find the offerings and people they need to grow their businesses, IF we create deep trust and provide consistent value.*

### Optimize how entrepreneurs find what they need

1. Design every online and offline interaction with A4CB to be informed by and centered on the lived experiences and specific goals of diverse entrepreneurs, leveraging available partnerships and technology while also supporting nontechnical entrepreneurs
2. Create trust by continuously personalizing the experience further based on each data point the entrepreneur shares
3. Embed quality business advice into every client relationship at the moment and in the form that entrepreneurs value, including in person, text, and video, and evaluate which offerings are most popular to inform further investment
4. Emphasize appropriate coaching and communication for loan borrowers before, during, and after loan origination to help maximize the value of the capital investment for the client and the likelihood of repayment to A4CB
5. Alert entrepreneurs automatically to new opportunities for grants and other valuable services by continually evaluating that business persona against the eligibility criteria of new offerings
6. Translate everything we offer into Spanish using native language speakers, in writing and in person
7. Extend this experience to partner support organizations that are interested in seamlessly connecting entrepreneurs to their services

### Strengthen the services that A4CB provides that complement our lending

8. Offer additional services that entrepreneurs need and that generate net program income for A4CB, including bookkeeping, marketing, hiring, and more
9. Create additional opportunities for entrepreneurs to learn together and from each other, within or across affinity groups and industries, by applying our learnings from the Neighborhood Entrepreneurship Lab
10. Connect entrepreneurs to additional revenue opportunities more effectively, including grants and new sales

**IMAGINE**, instead of entrepreneurs constantly searching for grants, loans, coaching, connections, contracts, certifications, space, and more ... then filling out endless forms for each service and waiting and waiting for a response ... and then being told No...

What if entrepreneurs could quickly create a persona once... that would update dynamically every night based on the permissions the entrepreneur provides... and that would trigger alerts whenever they are eligible for something they might value?

What if we **STOP REQUIRING APPLICATIONS** that we evaluate and **START MAKING OFFERS** that entrepreneurs evaluate?

# Our Strategic Priorities

## Strengthen how we measure and communicate our impact

*Investors and partners will want to work closely with us, IF we effectively promote the value we create for entrepreneurs and our communities.*

### Capture outcomes efficiently

1. Define the activities and outcomes we will strive to achieve over time, for each of our client services and for our organization overall
2. Create efficient methods of collecting and visualizing outcome and experience metrics, leveraging smart technology to minimize the burden on the entrepreneurs we serve

### Promote our services using powerful stories and data

3. Enhance our messaging for all interested parties by combining effective client stories and case studies with impactful outcomes data
4. Visualize the density of clients in specific neighborhoods and promote entrepreneurs as a community
5. Promote the A4CB brand as a seal of approval and indicator of quality that will motivate entrepreneurs and partners to work with us, and aggressively promote entrepreneurs who are part of the growing A4CB family

*“Our team is our foundation. We hire residents from our community and continue to train them with transferable employment skills. We’re reducing the impact of unemployment for residents with little to no employment history and providing opportunities for residents with minor, non-violent offenses.”*

**Jasney Diggs and James Diggs**  
Tidy Up Experts



# Our Strategic Priorities

## Enhance our place-based investments at The Hatchery and beyond

*Entrepreneurs in our incubator and in promising commercial corridors will enhance the vibrancy of our communities, IF we help them find, negotiate, organize, and finance high quality spaces.*

### Improve our services in Garfield Park

1. Help more West Side food and beverage entrepreneurs grow sustainable businesses at The Hatchery through effective outreach, a great client experience, competitive pricing, and cost-efficient service provision from the Hatchery joint venture partners
2. Invest further in Garfield Park to help more entrepreneurs and to generate greater net operating income for the joint venture

### Invest in commercial corridors beyond our neighborhood

3. Provide site-specific services to entrepreneurs who own, rent, or rehab buildings in promising commercial corridors through partnerships with government and nonprofit partners
4. Assist entrepreneurs in securing site-specific grants by providing front funding and gap financing for place-based projects

*"I have found my home here on the West Side at The Hatchery. It's been a great resource for me as a small business trying to grow."*

**Lashon Burrell**  
**Cajun Café Chicago**





# Our Strategic Priorities

## Expand our lending and grantmaking to serve more businesses while improving our economics

*Entrepreneurs will receive more of the financing they need in more locations, IF we grow our capital offerings sustainably.*

### Extend our loan offerings to serve different businesses

1. Increase our maximum loan size to \$250K while continuing to focus on loans less than \$25K in low- and moderate-income communities
2. Offer revenue-based financing to high growth entrepreneurs, to complement our term loans and lines of credit
3. Expand our outreach and services to additional communities in Illinois and Indiana and then to states contiguous to Illinois and Lake Michigan, after we have improved the client experience and our credit policy and after we have identified welcoming partners in each location we seek to serve

### Enhance our protections against loan losses

4. Improve our credit policy and processes to better utilize the application attributes that are most predictive of repayment, that help us more accurately size and structure loans based on ability to repay, and that prevent fraud
5. Create industry-specific policy, processes, and outreach based on typical cash flows and liquidity requirements within each vertical
6. Create new partnerships through which we reduce our credit losses via loan guarantees and other credit enhancements

### Grow our grantmaking to provide additional industry- and geography-specific funding

7. Optimize grant administration templates, staffing, pricing, and delivery to speed the launch of new partnerships and programs
8. Provide grants to food and beverage businesses in partnership with the City of Chicago
9. Provide grants to community businesses in specific industries or geographies alongside public and private partners

# Our Strategic Priorities

## Structure our financials and program management for sustainable growth

*Investors will help us serve more entrepreneurs, IF our finances grow stronger over the long term.*

### Improve our revenue mix and cash management

1. Develop clear goals and plans for increasing our self-sufficiency over time, diversifying our revenue sources while also improving our fundraising capabilities
2. Manage cash more effectively by creating larger loan pool structures and new financing partnerships

### Tighten opportunity evaluation and execution

3. Strengthen how we evaluate existing offerings and new program opportunities against current responsibilities, capacity constraints, and economic objectives
4. Improve our program delivery processes to maximize the value to our partners and the benefits to our financials
5. Establish clear goals and measurement for the execution of our strategic plan
6. Update our organizational structure to support the optimized client experience, leverage our improved program delivery mechanisms, and maximize career growth opportunities

# Our Strategic Priorities

## Embed diversity, equity, inclusion, accessibility, and belonging into everything we do

*Our team will provide better service to entrepreneurs and each other, IF we center diverse experiences more explicitly in how we function.*

### **Integrate our DEIAB efforts**

1. Embed the practices named in our DEIAB Statement into our organizational culture and ways of working
2. Approach all strategic priorities with a DEIAB lens, emphasizing the collection of team input and the consideration of how our decision-making impacts our team and our clients

### **Strengthen how we work together**

3. Improve how we use our time and budget to enhance listening, communication, and teamwork
4. Structure our team to maximize individual and team effectiveness, career growth, and staff retention at every level of the organization

### **Emphasize DEIAB in how we choose advisors and partners**

5. Align board membership to the entrepreneurs we serve and the skills we require, and engage with the board more deeply around our mission and needs
6. Evaluate existing and potential partners and investors based on their expertise as well as their commitment to diversity
7. Direct our spending towards diverse suppliers

## A4CB DEIAB Statement

At A4CB, we believe our work is strengthened by the diversity of our team and our differences in race, ethnicity, background, culture, experience, national origin, religion, sexual orientation, gender, gender identity, gender expression, age, ability, veteran status, and more. We strive to be an organization that empowers all members of our team to contribute to their fullest potential. We strive to make decisions based on input from our team, the diverse entrepreneurs we serve, and our community partners, so that the work we do can have the greatest and most equitable impact.

As an intentional extension of what our work has been about for almost 30 years, we created a Diversity, Equity, Inclusion, Accessibility, and Belonging (DEIAB) Committee at A4CB to focus on specific ways we can incorporate DEIAB into our organizational culture and ways of working. The DEIAB Committee is committed to holding A4CB to the following practices:

1. Maintaining a team of Allies that mirrors the diversity of the entrepreneurs with whom we work by attracting, hiring, supporting, developing, and promoting individuals with a diverse range of experiences, backgrounds, and identities
2. Creating unique learning opportunities for the A4CB team to explore topics related to DEIAB with internal and external partners, prioritizing those suggested by Allies
3. Evaluating our offerings on an ongoing basis to be equitable, inclusive, and accessible
4. Prioritizing partnerships with vendors who are A4CB clients and strive to have the diversity of our vendors mirror the diversity of the entrepreneurs with whom we work
5. Reporting annually on how A4CB has followed these practices



# Implementing the Plan

	2024	2025	2026	2027	2028
Improve the experience of diverse entrepreneurs					
Optimize how entrepreneurs find what they need					
Design the optimal client experience with diverse entrepreneurs and partners					
Build, test, translate, and deploy the optimal client experience					
Add additional client services through new and expanded partnerships					
Strengthen the services that A4CB provides to complement our lending					
Define and then implement additional fee-based services					
Define and then create additional affinity groups for entrepreneurs					
Connect more entrepreneurs to additional larger contract opportunities					
Strengthen how we measure and communicate our impact					
Capture outcomes efficiently					
Finalize the metrics we will capture and celebrate					
Design the mechanisms we will use to capture outcomes and stories					
Build, test, and deploy mechanisms to capture outcomes and stories					
Capture and share powerful outcomes and stories for clients and partners					
Promote our services using powerful stories and data					
Upgrade our client map and promote clients by neighborhood					
Provide A4CB clients with branded content to share, online and offline					
Update our messaging to reflect enhanced outcomes and stories					
Enhance our place-based investments at The Hatchery and beyond					
Improve our services in Garfield Park					
Document opportunities to improve based on previous Hatchery experience					
Design the optimal Hatchery experience with diverse entrepreneurs and partners					
Build, test, translate, and deploy the optimal Hatchery experience					
Define and then implement additional Hatchery fee-based services					
Add additional Hatchery services through new and expanded partnerships					
Create a business plan for investing in a new project at Lake and Albany					
Make the Go / No Go decision on investing at Lake and Albany					
Invest in commercial corridors beyond our neighborhood					
Provide coaching to entrepreneurs who own, rent, or rehab buildings					
Design, promote, and disburse grants in commercial corridors					
Provide front funding and gap financing for place-based projects					

## Implementing the Plan (continued)

2024 2025 2026 2027 2028

Expand our lending and grantmaking while improving our economics					
Extend our loan offerings to serve additional businesses					
Prepare to increase our maximum loan size to \$250K					
Originate loans between \$500 and \$250K					
Offer revenue-based financing to high growth entrepreneurs					
Expand our outreach and services to additional communities in IL and IN					
Expand our outreach and services to additional states					
Enhance our protections against loan losses					
Improve our credit policy to utilize attributes most predictive of repayment					
Create new partnerships for loan guarantees and other credit enhancements					
Minimize loan losses through optimized policy and funded backstops					
Grow our grantmaking to provide industry- and geography-specific funding					
Optimize grant administration templates, staffing, pricing, and delivery					
Provide grants to food and beverage businesses in Chicago					
Provide grants to community businesses alongside public and private partners					
Structure our financials for sustainable growth					
Improve our revenue mix and cash management					
Develop a clear path for increasing our self-sufficiency over time					
Create smarter loan pool structures via new and existing financing partnerships					
Tighten opportunity evaluation and execution					
Strengthen how we evaluate existing offerings and new program opportunities					
Improve our program delivery processes					
Update our organizational structure to support the new client experience					
Embed diversity, equity, inclusion, accessibility, and belonging into everything we do					
Integrate our DEIAB efforts					
Embed our DEIAB Statement into our organizational culture and ways of working					
Strengthen how we work together					
Enhance listening, communication, and teamwork					
Structure our team to maximize individual and team effectiveness					
Emphasize DEIAB in how we choose advisors and partners					
Align board membership to the entrepreneurs we serve and the skills we require					
Direct our spending towards diverse suppliers					
Evaluate partners and investors based on their expertise and commitment to diversity					

## Our Financial Forecast

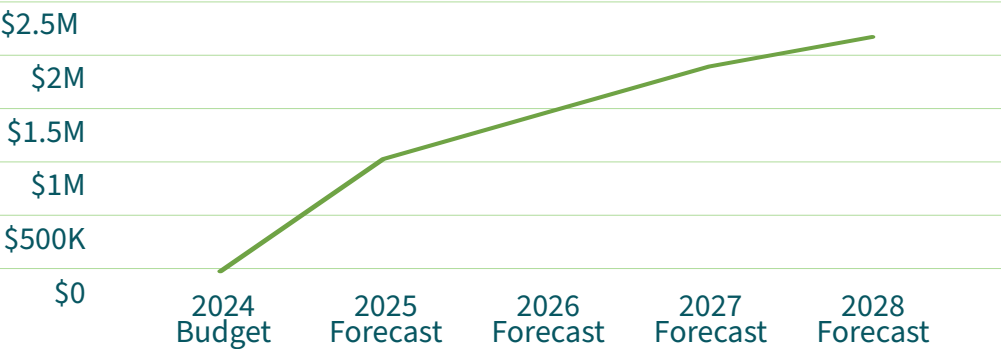
As we invest heavily in our capabilities in 2024, we expect to generate a very small surplus in 2024. We expect to financially benefit from this work more sustainably in 2025 and beyond.

Revenues	2024 Budget	2025 Forecast	2026 Forecast	2027 Forecast	2028 Forecast
Total Support	\$6,629,427	\$6,828,310	\$7,033,159	\$7,244,154	\$7,461,478
Total Program Revenue	\$1,998,601	\$2,261,072	\$2,544,538	\$2,799,275	\$2,779,595
Total Other Revenue	\$807,928	\$845,259	\$928,847	\$1,020,760	\$1,120,961
<b>Total Revenue</b>	<b>\$9,435,956</b>	<b>\$9,934,641</b>	<b>\$10,506,544</b>	<b>\$11,064,189</b>	<b>\$11,362,035</b>
Expenses					
Total Lending Expense	\$1,714,734	\$1,257,065	\$1,321,522	\$1,371,548	\$1,312,687
Total Coaching Expense	\$31,000	\$31,157	\$31,319	\$31,482	\$31,647
Total Payroll Expense	\$4,936,415	\$4,959,258	\$4,983,241	\$5,008,422	\$5,034,863
Total Operating Expenses	\$1,941,612	\$1,982,428	\$2,034,166	\$2,087,455	\$2,142,343
Total Other Expenses	\$809,650	\$655,300	\$655,300	\$655,300	\$655,300
<b>Total Expenses</b>	<b>\$9,433,411</b>	<b>\$8,885,208</b>	<b>\$9,025,548</b>	<b>\$9,154,208</b>	<b>\$9,176,840</b>
<b>Total Change in Net Assets</b>	<b>\$2,545</b>	<b>\$1,049,432</b>	<b>\$1,480,996</b>	<b>\$1,909,981</b>	<b>\$2,185,195</b>

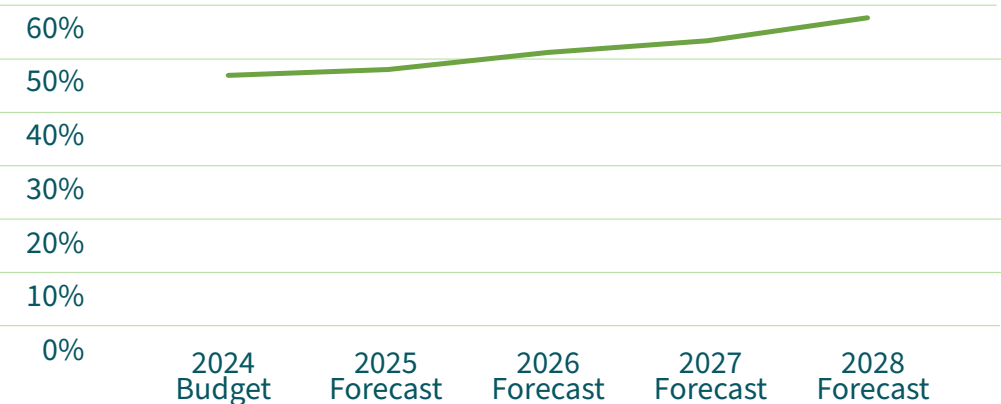
Lending	2024 Budget	2025 Forecast	2026 Forecast	2027 Forecast	2028 Forecast
Loans Originated	830	832	850	868	886
Loan Dollars Disbursed	\$12,413,500	\$10,611,500	\$10,809,500	\$11,007,500	\$11,205,500
Loans Outstanding	\$24,531,324	\$25,221,756	\$26,438,935	\$27,827,595	\$29,215,109

# Our Financial Forecast (continued)

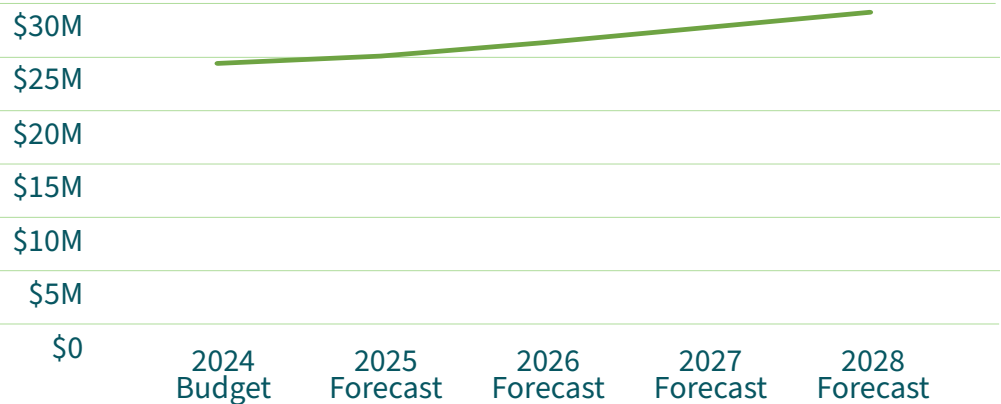
## Change in Net Assets



## Net Asset Ratio



## Loans Outstanding





# **Our Financial Forecast (continued)**

## **Assumptions**

### **Support revenue will grow by 3% each year**

- Individual giving will grow for the Neighborhood Entrepreneurship Lab and for A4CB's general operations.
- Program administration opportunities will continue to emerge in partnership with state and local government, particularly related to place-based or industry-specific initiatives.

### **Program revenue will fluctuate but generally grow**

- Older pandemic emergency loans will continue to repay in full.
- In 2024 we will originate \$5M in revenue-based financing in addition to our term loans and lines of credit, and in 2025 and thereafter we will generate organic growth in all three loan offerings through an increase in our maximum loan size and potentially through geographic expansion.

### **Other revenue will grow from a relatively low baseline by 5% in 2024 and 2025 and then by 10% per year thereafter:**

- New fee-based services will complement our lending and free coaching starting in 2025.
- Loan participation income will increase in parallel with growing originations.

### **Lending expense will grow by 3% per year:**

- Debt interest and lending operations expenses will grow incrementally each year.
- Loan losses will fall in 2024 and remain stable thereafter.

### **Payroll expense will rise rapidly and then incrementally:**

- We will add new hires in 2024 for grant-funded programs and positions.
- We will increase compensation for existing staff smartly in 2025 and thereafter.

### **Operating expense and other expense will grow incrementally by 3% each year.**

