



NATIONAL
ASSOCIATION FOR
LATINO
COMMUNITY
ASSET
BUILDERS



SMALL BUSINESS INVESTMENT PARTNERSHIP

THE PARTNERSHIP

Through an eight-year partnership with Sam's Club Giving Program, NALCAB - The National Association for Latino Community Asset Builders has opened access to responsible, high-quality small business development and lending services for thousands of small business owners and aspiring entrepreneurs in predominately Latino communities throughout the United States.

From 2009 - 2018, NALCAB utilized \$3.95 million in grants from Sam's Club Giving Program to implement a national program of grant making, technical assistance and training to build the capacity of non-profit organizations that provide culturally relevant small business development and lending services. Key goals of NALCAB's approach included the following.

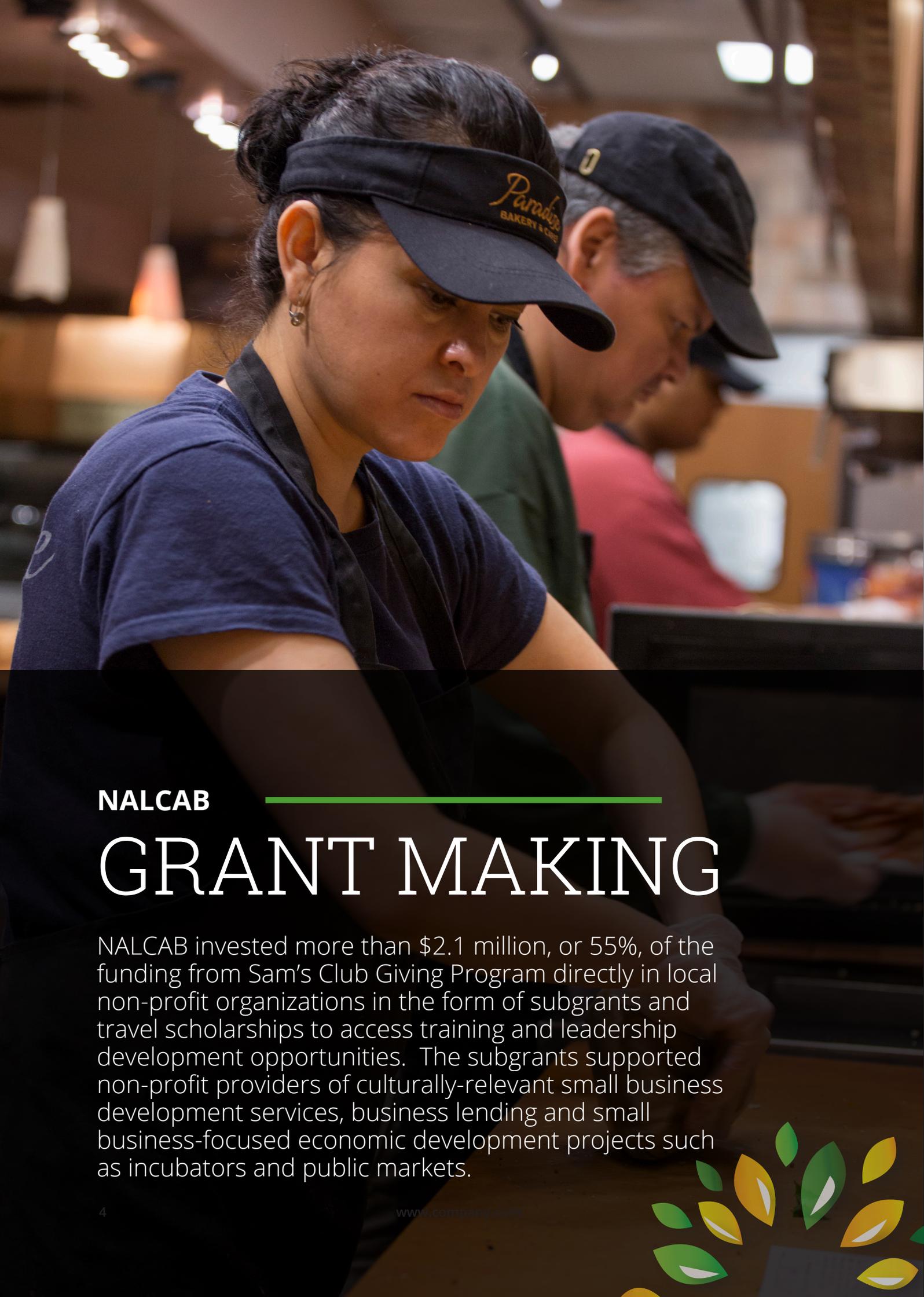
- Expand the availability and quality of culturally and linguistically relevant small business development services, with a focus on preparing businesses to access capital and grow.
- Increase lending to micro and small businesses.
- Support business incubators and place-based commercial investment strategies to strengthen predominately Latino and immigrant small business communities.

NALCAB deeply engaged with 31 non-profits in 20 states and the District of Columbia to build their capacity and increase their impact. These organizations served more than 5,000 small business owners and aspiring entrepreneurs, resulting in the creation or expansion of more than 2,100 business and the creation or retention of more than 2,800 jobs. Over the course of this partnership, the staff of more than 215 non-profits received training. Further, NALCAB and its member network leveraged Sam's Club Giving Program funding and secured more than \$36 million in new grants and investments focused on small business development and lending services in Latino communities.

This surge of support for small business owners and aspiring entrepreneurs in Latino communities was undertaken in the immediate aftermath of the Great Recession - an economic period that had an unprecedented negative economic impact on Latinos. It is clear that self-employment and small business development were key strategies for low- and moderate-income Latinos in responding to the financial challenges brought by the Recession. The Sam's Club Giving Program/ NALCAB Latino Small Business Investment Partnership has been the most significant private sector effort to provide targeted and culturally-relevant support to "mainstreet" Latino-owned small businesses through this period of unprecedented economic crisis.

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NALCAB

GRANT MAKING

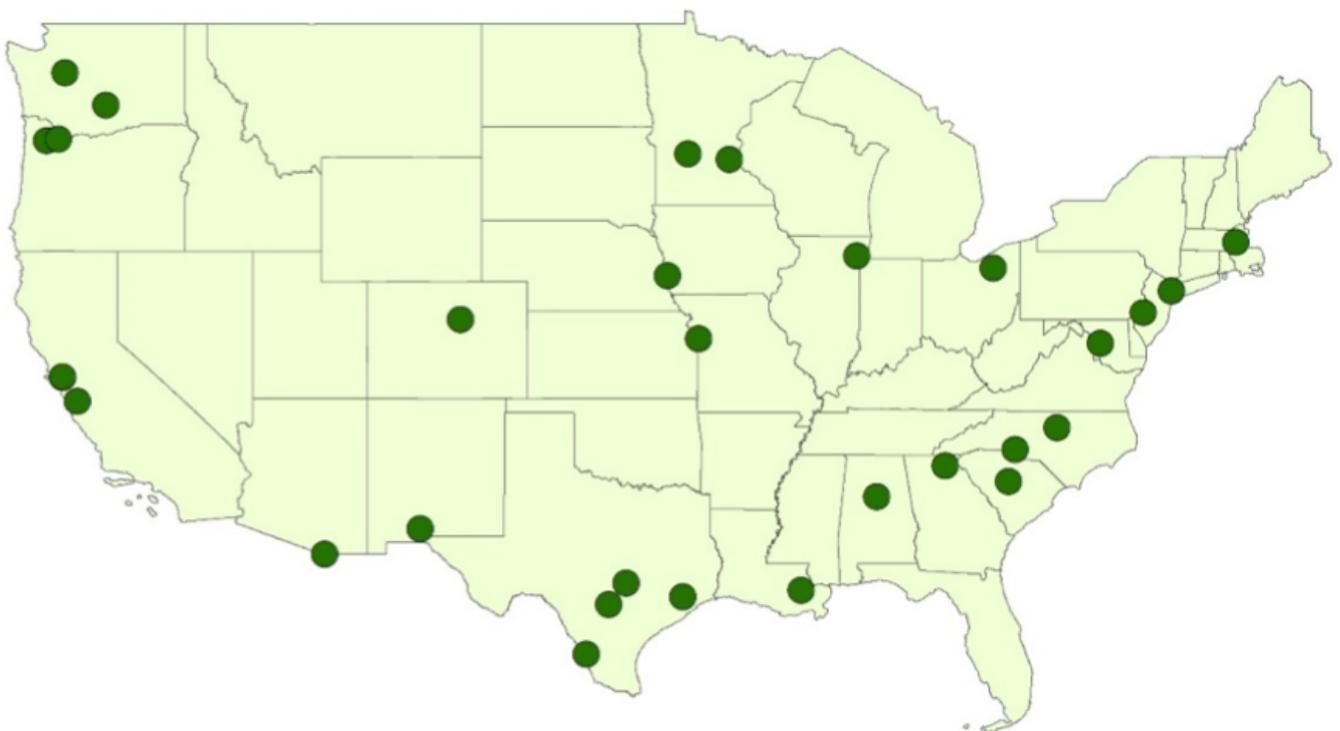
NALCAB invested more than \$2.1 million, or 55%, of the funding from Sam's Club Giving Program directly in local non-profit organizations in the form of subgrants and travel scholarships to access training and leadership development opportunities. The subgrants supported non-profit providers of culturally-relevant small business development services, business lending and small business-focused economic development projects such as incubators and public markets.



SUB-GRANT ALLOCATION BY YEAR

GRANT YEAR	NUMBER OF ORGANIZATIONS	TOTAL AMOUNT SUB-GRANTED
2009 - 2010	3	\$80,000
2011 - 2012	9	\$134,000
2013 - 2014	17	\$480,000
2014 - 2016	24	\$1,175,000
2016 - 2017	12	\$300,000
TOTAL		\$2,169,000

Geographic Distribution of Sam's Club Giving Program Sub-Grantees (2009-2017)



Outcomes

From 2009 – 2017, NALCAB subgrantees reported the following outcomes.



NALCAB developed specialized grant opportunities to respond to particular needs and opportunities among NALCAB Network organizations.

Loan Loss Reserve Program

The goal of the Loan Loss Reserve Program was to build equity on the balance sheets of CDFI business lenders and allow them to leverage new debt capital for increased lending. A loan loss reserve is essential for CDFIs to mitigate risk for their debt investors. In 2012, NALCAB provided a total of \$200,000 in grant funds to four Community Development Financial Institutions (CDFIs) that engage in small business and micro lending in underserved markets. These organizations provide crucial access to capital for Latino small business owners at responsible interest rates and terms. Participants in the Sam's Club Giving Program/ NALCAB Loan Loss Reserve Program leveraged \$3.3 million in new debt capital for business lending. Debt investors included the U.S. Small Business Administration, the U.S. Department of Agriculture, the Calvert Foundation and US Bank.

Support for Food-based Incubators

Food-industry businesses are central to Latino and immigrant communities, and the formalization of food-based businesses is an asset building strategy that can advance the economic mobility of LMI households. Food-based businesses often express a fundamental aspect of a small business owner's cultural tradition. They can also add significantly to neighborhood vitality, transforming it into a cultural destination and economic engine.

From 2014-2016, NALCAB deployed \$250,000 to non-profit organizations that operate food industry-focused business incubators, including commercial kitchens and public markets, which primarily serve mobile food vendors, small caterers, value added product producers and aspiring restaurateurs. This support helped five organizations to plan and implement creative, small business-focused economic development strategies. NALCAB produced a video that highlights these innovative organizations.

TECHNICAL ASSISTANCE

NALCAB supports non-profit organizations across the country with technical assistance, which strengthens and standardizes culturally-relevant business development services. Sam's Club Giving Program support allowed NALCAB to expand the breadth and depth of TA provided on topics including, but not limited to: culturally relevant curriculum development, disseminating best practices in small business development, strengthening lending systems, seeking CDFI certification, data management and outcome tracking, resource development, peer-to-peer matches, and integration of financial capability services. The following are highlights of NALCAB's focused technical assistance efforts.

Outcome Tracking and Data Management

NALCAB has placed a strong emphasis on the importance of quality data collection and assessment to determine program and organizational impact. NALCAB focused significant resources, including funding from multiple US Small Business Administration PRIME grants, on helping organizations clarify impact metrics to track, implement technology and processes to support data collection, and utilize that data to inform stakeholders, funders and programmatic efforts. Consistent with industry standards and community needs, NALCAB has provided training, intensive engagement and cost reimbursement to assess and upgrade data management systems to more than 63 small business development organizations resulting in IM/IT enhancements and implementation plans to track, measure, and assess their own work.

Increasing Access to Capital and Strengthening Lending Systems

Increasing access to capital has been a hallmark of the Sam's Club Giving Program/ NALCAB partnership. Between 2009 and 2017, NALCAB supported Sam's Club Giving Program sub-grantees to leverage more than \$25 million in grants through two important federal grant programs. US Health and Human Services awarded \$12,843,557 to NALCAB Network Members under the Community Economic Development (CED) grant program and US Treasury awarded \$12,876,942 in CDFI grants NALCAB Network Members.

NALCAB supported CDFIs and emerging CDFIs in our Network to raise capital, analyze portfolio health, and create training manuals. Five emerging business lenders in the NALCAB Network secured CDFI certification. NALCAB has also helped build partnerships between providers of small business development services and CDFI lenders.



Supporting Organizational Sustainability

Sustained investment allows a non-profit organization to maintain steady growth and establish consistent processes over the course of multiple years. To ensure that these processes endure, NALCAB incorporated an emphasis on long term sustainability in the final year of Sam's Club Giving Program support. NALCAB conducted assessments of each organization's needs and twelve organizations created sustainability plans, or focused on a very specific facet of sustainability (i.e. succession planning), to ensure longevity and anticipate future program needs. Multiple participating organizations have shared that these tools have been very useful in fundraising and program development.

TRAINING & LEADERSHIP DEVELOPMENT

Blueprint for Providing Culturally-Relevant Small Business Development Services

Based on learning from our work with NALCAB Members, including Sam's Club Giving Program subgrantees, in 2015 NALCAB released the Blueprint for Providing Culturally-Relevant Small Business Development Services, which details best practices in developing and sustaining small business programming and measuring impact. The Blueprint emphasizes practical and tested tools and best practices, and reflects the NALCAB network's deep experience serving predominately Latino and immigrant communities. The Blueprint was revised and updated in 2017.

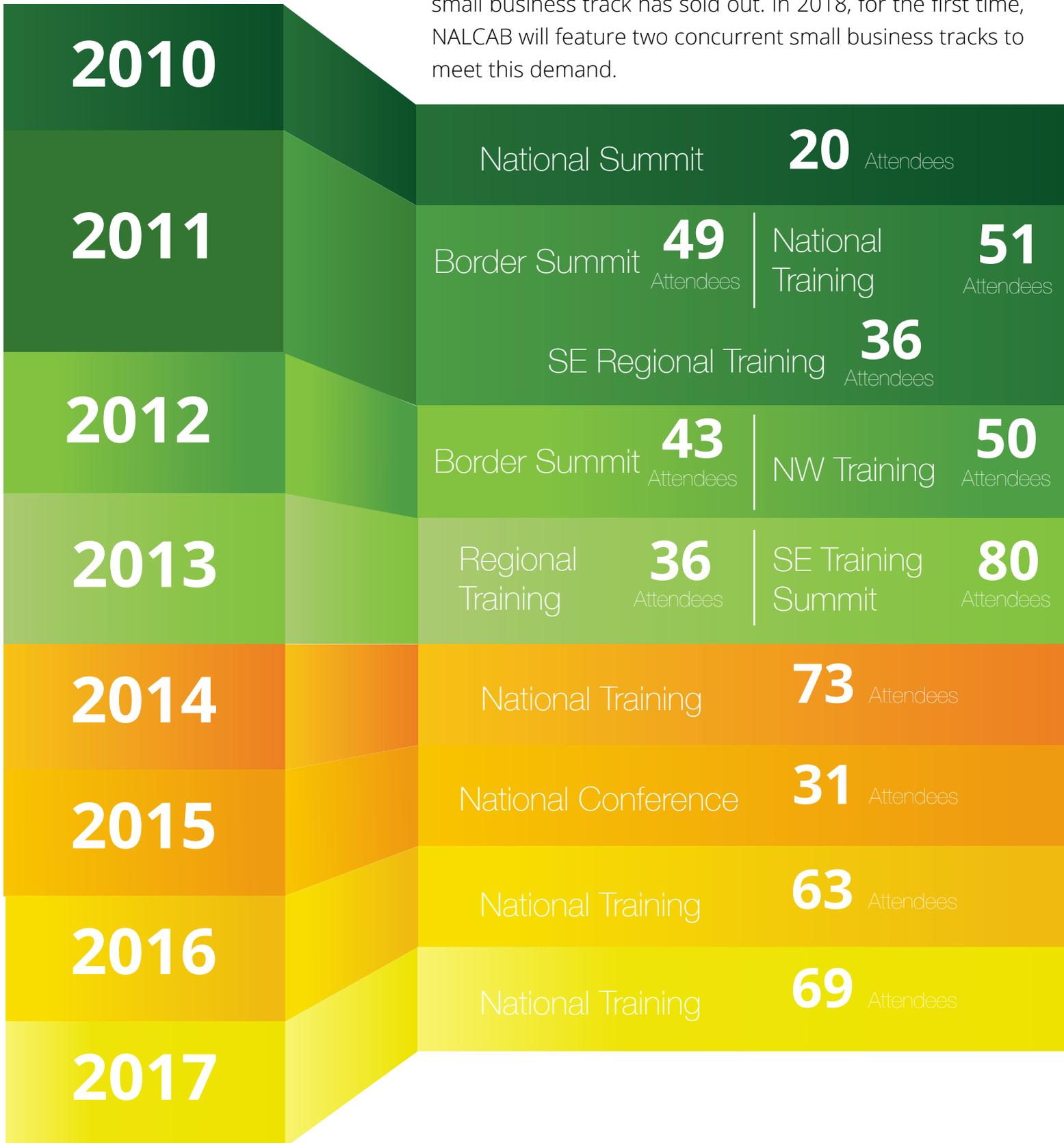
NALCAB's National Training

With support from Sam's Club Giving Program, NALCAB developed the first national training on culturally-relevant approaches to small business development in Latino communities. NALCAB provides a three-day course at an annual, in-person National Training Event and presents regular webinars. Participants have the opportunity to learn about replicable best practices, linguistically-relevant curricula and emerging innovations from industry leaders and peer trainers from NALCAB Network organizations. The NALCAB National Training began as a pilot in 2009 with 20 organizations. By 2017, it had grown to 186 participants from 83 organizations and 22 states engaged in three different courses.



NALCAB TRAINING

Participation in the small business track has grown through the years as shown in the table below, and in recent years the small business track has sold out. In 2018, for the first time, NALCAB will feature two concurrent small business tracks to meet this demand.



Webinars

NALCAB's training efforts also include webinars on topics ranging from leadership, policy, and communications to overviews of specific grant opportunities. Since 2013, NALCAB has held 36 webinars in connection with this national effort, reaching a total of 216 unduplicated organizations.



The Pete Garcia Community Economic Development Fellowship Program

Since 2010, NALCAB has developed Latino leaders through its Pete Garcia Community Economic Development Fellowship program. Preparation of next generation leaders is a key factor in advancing organizational sustainability and ongoing program effectiveness. NALCAB is the only national organization that has developed culturally-relevant curricula and training methods to build the capacity of Latino-serving community development and asset building practitioners. The curriculum is intended to build the practical, personal and professional skills needed by the next generation of Latino leaders in the community economic development field.

The NALCAB Pete Garcia Fellowship has graduated 99 Latino leaders from 61 nonprofit organizations in 22 states and DC; 43 graduates were from Sam's Club Giving Program subgrantee organizations. NALCAB Pete Garcia graduates have taken on executive leadership positions and made meaningful contributions in their organizations and in their field.

RESEARCH AND INFORMING PUBLIC POLICY

Researching Access to Capital for Latinos and Immigrants in Five Markets

In 2015, NALCAB undertook a market-level study of the availability of loan capital to immigrant and Latino entrepreneurs in five markets, as well as the available interest rates and necessary minimum requirements to obtain a loan. The market-level scans provided a deeper understanding of the challenges businesses face in accessing capital and the unique and ultimately critical support offered by both CDFIs and CDCs in helping business owners navigate borrowing.

Educating Policy Makers About the Potential of Latino Small Business as an Engine for the US Economy

NALCAB has been a leading national voice in helping to connect current federal small business policy and the demographic trends that are shaping the small business sector. NALCAB has provided written and in-person policy guidance to the White House Domestic Policy Council, the Administrator of the Small Business Administration, the Director of the CDFI Fund, the Board of Governors of the Federal Reserve, and senior executives of a half dozen large financial institutions. In the course of this work, NALCAB has become a go-to source for practical, solution-focused advice about how to address the challenges and opportunities in Latino small business.

Key Policy Recommendations:



CDFI FUND

Leverage private capital for small business lending through Community Development Financial Institutions through a specific small business investment program within the existing CDFI Fund.



TAX POLICY

Eliminate the tax burden on the first \$75,000 of earnings for self-employed individuals and small businesses to incentivize the actual reporting of earnings and stimulate microbusiness growth.



WORKFORCE INVESTMENT

Authorize self-employment services with Workforce Investment Act dollars to ensure that self-employment is a key element of our nation's workforce investment strategy.



SBA APPROPRIATIONS

Continue support for the Small Business Administration's micro lending and 7(a) lending programs as well as the PRIME and Women's Business Development Center programs, both of which have effectively targeted populations that demonstrate the highest level of entrepreneurship.

SPARKING INNOVATION IN BUSINESS LENDING

Innovative Business Lending Consortium with the Surdna Foundation

The experience gained by NALCAB and its member organizations through Sam's Club Giving Program's investments led to the formation of an innovative consortium of small business lenders in the NALCAB Network, in partnership with the Surdna Foundation. Surdna provided a \$2 million Program Related Investment (PRI), which was, in turn, lent to four business lenders - Mission Economic Development Agency in San Francisco, FINANTA in Philadelphia, Latino Economic Development Center in Minneapolis and LiftFund, a multi-state lender based in Texas. Each lender received a low-cost loan of \$500,000, in conjunction with a Sam's Club Giving Program subgrant, for the purpose of increasing their business lending in specific target markets.

These lenders rapidly deployed this capital, demonstrating the strong demand among Latino small businesses for responsible loan capital. The Consortium's efforts and success demonstrate a new model for rapidly deploying capital to Latino and immigrant business owners in multiple markets.

SURDNA PROGRAM RELATED INVESTMENT

PROGRAM RELATED
INVESTMENT OF
\$2,000,000



4 ORGANIZATIONS



LOANS OF
\$500,000





NALCAB

MEMBER SUCSESSES





As a result of these innovative strategies, NALCAB member organizations have increased program capacity, expanded their geographic service areas, added products and services, and acquired and implemented new technology. NALCAB Network organizations are pillars of economic development in their communities and have expanded access to opportunity for entrepreneurs, their employees and their families.



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MIDLANDS LATINO COMMUNITY DEVELOPMENT CORPORATION

Midlands Latino Community Development Corporation (MLCDC) incorporated in 2006 to serve Latinos in and around Omaha, Nebraska through micro-lending, business development technical assistance and coaching services. MLCDC received a total of \$120,000 in funding from Sam's Club Giving Program over a period of four years, as well as additional funding and technical assistance through other NALCAB programs.

A lack of capital prevented MLCDC from fulfilling its high demand for micro-loans. With NALCAB's support, the organization increased its loan pool from \$40,000 to \$170,000 at the end of 2017, and increased its loan loss reserve from \$2,000 to \$70,000. A crucial component of that increase in capital was a peer match to other NALCAB Network organizations. NALCAB also supported MLCDC in preparing an application for the U.S. Health and Human Services Office of Community Services Community Economic Development (CED) program and MLCDC was awarded \$800,000 to operate their micro-enterprise program and support a new place-based small business incubator and commercial kitchen.



INCREASED Loan Pool

With NALCAB's support, the organization increased its loan pool from \$40,000 to \$170,000 at the end of 2017.



INCREASED Loan Reserve

With NALCAB's support, the organization increased its loan reserve from \$2,000 to \$70,000 at the end of 2017.



PETER KIEWIT Grant

MLCDC received a \$70,000 grant from Peter Kiewit Foundation to be used to fund our Micro-lending and Business Assistance.



APPLIED to be a CDFI

The organization received its certification in July 2017, along with an award of \$125,000.



To broaden their access to additional capital, MLCDC applied to the U.S. Department of Treasury to become a Community Development Financial Institution (CDFI). The organization received its certification in July 2017, along with an award of \$125,000. This has allowed the organization to access capital from additional banks, foundations and others in Omaha, such as the Peter Kiewit Foundation and the City of Omaha. As a result, Latinos and immigrants in that city have real and tangible access to capital that simply would not exist without MLCDC.

MLCDC received a \$70,000 grant from Peter Kiewit Foundation to be used to fund their Micro-lending and Business Assistance program: \$30,000 toward program operation costs, \$30,000 toward loan capital for Latino owned businesses, and \$10,000 to be used toward new technology and equipment (computers, software, printers and phone system). The City of Omaha also approved a \$60,000 CDBG grant to fund costs of operation of the MLCDC's micro-lending program.

As of 2017, MLCDC had approved 96 loans totaling more than one million dollars to minority entrepreneurs. Eighty two percent of MLCDC's clients are low income and 75% are women, and the organization has a 0% default rate on their loans. The growth of MLCDC demonstrates the power that sustained investment and layered support services have to truly transform an organization's capacity to serve its community.

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MISSION ECONOMIC DEVELOPMENT AGENCY

Mission Economic Development Agency (MEDA) serves low and moderate-income Latino families in the rapidly-changing Mission District in San Francisco, CA. MEDA provides housing resources, financial capability tools, and business and workforce development services. MEDA received a total of \$87,500 in funding from Sam's Club Giving Program over a period of four years, which they have layered with additional funding.

MEDA was a recipient of the first round of Sam's Club Giving Program funding in 2009, using their grant funds to support child care providers to develop business plans, and a bilingual parent handbook that led to the creation or expansion of seven childcare businesses. In their subsequent grant year, MEDA went on to establish a formal curriculum for childcare business development.



EXPANDED Portfolio

MEDA expanded their portfolio of small business development services to include an industry-leading financial education curriculum.



CREATED Adelante Fund

The Adelante Fund was launched in part with a Sam's Club Giving Program subgrant and a loan from the Surdna Foundation-funded business lending consortium.



ASSISTED Clients

In September of 2015, MEDA reported assisting 12 clients to access loans under \$50,000.



DEPLOYED Capital

As of the summer of 2017, MEDA reported a total of 41 loans in their portfolio, totaling \$1,217,191.



Since 2009, MEDA has expanded their services dramatically and grown as an organization. MEDA expanded their portfolio of small business development services to include an industry-leading financial education curriculum. They also developed a successful small business loan fund. In the 2014 – 2016 Sam’s Club Giving Program subgrant round, MEDA took the step of training all coaching staff on underwriting and loan packaging standards, as well as developing a pre-loan pipeline of business clients to whom they have since made loans.

The Adelante Fund was launched in part with a Sam’s Club Giving Program subgrant and a loan from the Surdna Foundation-funded business lending consortium. These critical resources made available by NALCAB assisted MEDA to rapidly grow the Adelante Fund. In September of 2015, MEDA reported assisting 12 clients to access loans under \$50,000. As of the summer of 2017, MEDA reported a total of 41 loans in their portfolio, totaling \$1,217,191 in capital deployed, ranging in size from \$5,000 to \$100,000. MEDA has seen strong rates of repayment from a population that traditional lenders often deem too risky. The Adelante Fund achieved certification as a US Treasury Community Development Financial Institution (CDFI).

MEDA works closely with a long-standing partner and fellow Sam’s Club Giving Program subgrantee, La Cocina, a kitchen business incubator in San Francisco. Two loan recipients from the Adelante Fund were both La Cocina entrepreneurs. Their loans were \$100,000 each, which allowed them both the opportunity to transition into their own brick and

3

LATINO ECONOMIC DEVELOPMENT CENTER IN WASHINGTON, D.C.

The Latino Economic Development Center (LEDC) equips Latinos and other D.C.-area residents with the skills and financial tools to create a better future for their families and communities. LEDC provides small business development services and is a US Treasury CDFI-certified business lender. LEDC received a total of \$167,500 in funding through the Sam's Club Giving Program/ NALCAB partnership over a period of four years, as well as additional funding and technical assistance through other NALCAB grants and programs.

Like MEDA, LEDC was a recipient of the first round of Sam's Club Giving Program funding in 2009, which they used to provide support to women entrepreneurs, offering credit counseling and financial counseling to childcare entrepreneurs. In their subsequent grant round, they formalized their curriculum for small business development, including information on credit, financial capability training, and skill building.

LEDC has subsequently grown to serve an area beyond Washington, D.C., including Baltimore, Maryland; Wheaton, Maryland; Arlington, Virginia; and Herndon, Virginia. LEDC's initial expansion into Baltimore was made possible by a grant from Sam's Club Giving Program in 2016, which they used to hire a loan office to serve that market. LEDC was able to invest \$200,000 in Baltimore over the one-year grant period. Sub-grant funding has been critical for LEDC in leveraging millions of additional dollars from US Treasury CDFI, US SBA and private capital sources.



EXPANDED
into Baltimore

LEDC's initial expansion into Baltimore was made possible by a grant from Sam's Club Giving Program in 2016.



INVESTED
in One Year

LEDC was able to invest \$200,000 in Baltimore over the one-year grant period.



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HISPANIC INTEREST COALITION OF ALABAMA

The Hispanic Interest Coalition, founded in 1999 in Birmingham, Alabama, facilitates social, civic, and economic integration through asset building and economic development programs including small business development, financial coaching and home buyer education. HICA also provides college and career readiness services, citizenship and naturalization services, access to justice clinics and legal referrals, as well as assistance for victims of crime and family advocacy services.

The Hispanic Interest Coalition received a total of \$77,500 in funding from Sam's Club Giving Program over a period of four years, as well as additional funding and technical assistance through other NALCAB programs. HICA first received Sam's Club Giving Program pass-through funding in 2013 to build their capacity to provide financial education, tax preparation, and small business development services.



PROVIDED Services

HICA received funding to build their capacity to provide financial education, tax preparation, and small business.



FACILITATED Partnerships

In the 2014 – 2016 grant cycle, NALCAB facilitated the formation of a partnership between HICA and LiftFund.



EXPANDED Technical Assistance

Develop the capacity of their Asset Building and Economic Development program to expand technical assistance.



LENDING Circles

HICA is working to implement lending circles as a first step to build internal lending capacity.



In the 2014 – 2016 grant cycle, NALCAB facilitated the formation of a partnership between HICA and LiftFund, a US Treasury certified CDFI business lender in the NALCAB Network, to provide access to capital for entrepreneurs. This partnership helped to expand LiftFund’s footprint to Birmingham, and bolstered HICA’s service offerings. HICA continued to develop the capacity and sustainability of their Asset Building and Economic Development program to strengthen and expand technical assistance to small business owners.

HICA has continued to foster strong working relationships with traditional and non-traditional lending institutions in Central Alabama. HICA is working to implement lending circles as a first step to build internal lending capacity, and ultimately pursue CDFI status.



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