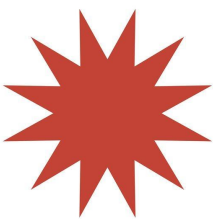


California Rebuilding Fund

# Public Benefit Report Summary 2023



California  
Rebuilding  
Fund®

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*Photo on Front Cover: Tana Harris, owner of Harris Hoisting, received a California Rebuilding Fund to support her business through Main Street Launch.*

# Executive Summary

The California Rebuilding Fund (“Rebuilding Fund” or “Fund”) was established as a public-private partnership to address the capital needs of small businesses of California, as they re-open and recover from the COVID-19 health and economic crisis.

While the original availability period - the window that small businesses can apply for a loan - was scheduled to close in June 2022 for the Blended Facility, the availability period was extended through November of 2022 due to increased demand for capital across small businesses in California\*. As of December 31, 2022, the Rebuilding Fund facilitated \$81.8 million of financing to support 1,385 small businesses across 40 counties in the state. 75% of loans were made to businesses owned by women, people of color, or to businesses located in low-to-moderate-income communities.

Some highlights of the Fund include continued support from and partnership with the City and County of San Francisco in offering 0% interest loans to SF-based small businesses. With an increase in the grant from the City in 2022, in total, 163 businesses were able to participate in the SF program to receive a 0% interest loan, representing 12% of the total portfolio.

The Fund also engaged 60\_Decibels to analyze the impact of the loans on their recipients. The results of the survey underscore the importance of the Fund providing crucial support during uncertain economic times. More details on this survey can be found on page 14 of this report.

As the data confirms, the Fund has a special focus on serving the smallest of small California businesses, as those with 10 or fewer employees were funded at the Rebuilding Fund’s highest rate in 2022. Another key trend throughout originations was in the expansion of industries and counties impacted by a Rebuilding Fund loan. More businesses in such industries like agriculture, finance and insurance, and wholesale trade were funded in 2022 compared to the year prior. Additionally, loans were made in three new counties in 2022 including Glenn, Inyo, and Mendocino.

Every Rebuilding Fund loan was structured with a built-in grace period of interest-only payments for the first 12 months of the loan, after which, the borrower would start making principal and interest (“P&I”) payments. As originations ended in November of 2022, all loans are now in the P&I payment period. The Fund has been focused on its repayments and financial reporting obligations since originations ended. This report serves to provide a cross-sectional view of the outreach of the Fund through the end of originations, considering both the small businesses profiles, as well as the demographics of the business owners.

\*The availability period for the Guaranteed Facility ended on June 30, 2022.

## Fund Objective

The California Rebuilding Fund is organized as a Delaware statutory public benefit limited liability company with the public benefit purpose to address the capital needs of economically vulnerable small businesses located in disadvantaged communities that historically have had less access to capital, as they attempt to reopen and recover from the COVID-19 health and economic crisis.

The Fund promotes the provision of loans through California's Community Development Financial Institutions ("CDFIs") to address the capital needs of eligible small businesses of California, with funding sourced from lenders and donors including financial institutions, private investors, philanthropic investors, and the State of California's Infrastructure and Economic Development Bank. The Fund also leverages existing infrastructure in communities – CDFIs and the network of business advisory organizations – to effectively channel capital and support to under-resourced communities.

## Target Segment

In 2020, there were nearly 4 million small businesses in California with fewer than 50 employees (more than 90% of all small businesses in California). As of 2022, the number of small businesses in the state has surpassed 4.24 million\*. The 60\_Decibels survey of Fund borrowers – covered in more detail on page 14 of this report – highlighted the need across small businesses for affordable capital during the pandemic. Given this, the Fund offers a 0% interest rate for businesses based in San Francisco, which has been made possible through continued partnership and support from the city of San Francisco.

Launched with the vision of equitable economic recovery, the focus of the Fund is to provide affordable capital and business support services to economically vulnerable small businesses across under-resourced communities.

With this target segment in mind, the next section will offer a cross-sectional view of the outreach and impact of the Fund as of December 31, 2023, considering both the small business profiles, as well as the demographics of the business owners.

\*According to [Oberlo](#) statistics and [CA.gov](#).

# A Look Back at Fund Deployment

As of December 31, 2022, the Fund has provided **\$81.8 million\*** of financing to:

- **1,385 small businesses** across **40 counties**
- Supporting **7,025 jobs**

## Loan Applications

There were more than 19,000 applicants\*\* who matched with the participating CDFIs. These applicants have collectively requested over \$1.23 billion\*\* in loan amounts, net of duplicate applications.

In the Fall of 2022, additional marketing efforts were undertaken to further promote and raise awareness of the Fund to small business owners. Specifically, this marketing initiative was in partnership with EMC Communications.

## Impact by the Numbers

### Small Business Owners by Demographics\*\*\*

By Number of Loans	Number of Loans	Total Loan Amount	% by Demographics	Average Loan Size
POC owned business	639	\$37,385,002	46%	\$58,505
Women owned businesses	536	\$31,083,187	38%	\$57,991
LGBTQ+ owned businesses	85	\$4,944,187	6%	\$58,167
<b>Total Number of Loans</b>	<b>1,385</b>	<b>\$81,805,745</b>		



Of the funded loans, **61%** have been made to businesses owned by a **woman or people of color**

**75%** was made to businesses owned by **women or people of color**, or are located in **low-to-moderate-income communities**

**68%** to businesses that are self-reported with **diverse ownerships**

\*The Rebuilding Fund finances 90-95% of the loan amounts originated by the Community Development Financial Institutions. The amount deployed by the Fund was \$75.3 million. Originations ended when the availability period closed at the end of 2022.

\*\*Source: Connect2Capital Partners portal.

\*\*\*Notes: Data as of December 31, 2022

1. People of color (POC) includes any business owner who self-identifies as Black/African American, Hispanic, Native American, Asian, Native Alaskan, Native Hawaiian, Pacific Islander, or Multi-Racial.

2. Diverse ownership includes business owner who self-identifies as women, people of color, LGBTQ+, veteran, or "other" categories.

3. Loan applicants may choose more than one demographic categories. The sum of the number of loans or loan amounts across categories may therefore exceed the totals for the Fund.

## Impact by the Numbers

This section provides a comprehensive view of the small businesses and their business owners. The impact data utilized for this analysis is from self-reported data provided by the small business applicants to the Fund's loan application [website](https://www.caloanfund.org/) (<https://www.caloanfund.org/>).

### Small Business Loans by Size



The loans funded through the Rebuilding Fund have an average loan size of \$59,065. In comparison, the US Small Business Administration (SBA) reported that the average loan amount for all loans guaranteed by its program was \$567,599 in 2020.

Loan Amount Distribution	Number of Loans	% By Loan Size Buckets
0-25K	334	24%
25-50K	360	26%
50-75K	165	12%
75-100K	526	38%

As of December 31, 2022

While loans between \$50K-\$100K were most popular in 2021, borrowers tended more so to opt for a loan under \$50K in 2022.

### Small Businesses in Low-to-Moderate Income Areas

By Number of Loans	Number of Loans	% of Total
Businesses in Low-to-moderate income areas*	496	36%
Total Number of Loans	1,385	

By Loan Amount (\$)	\$	% of Total
Businesses in Low-to-moderate income areas*	30,263,8288	37%
Total Loan Amount	81,805,7453	

As of December 31, 2022

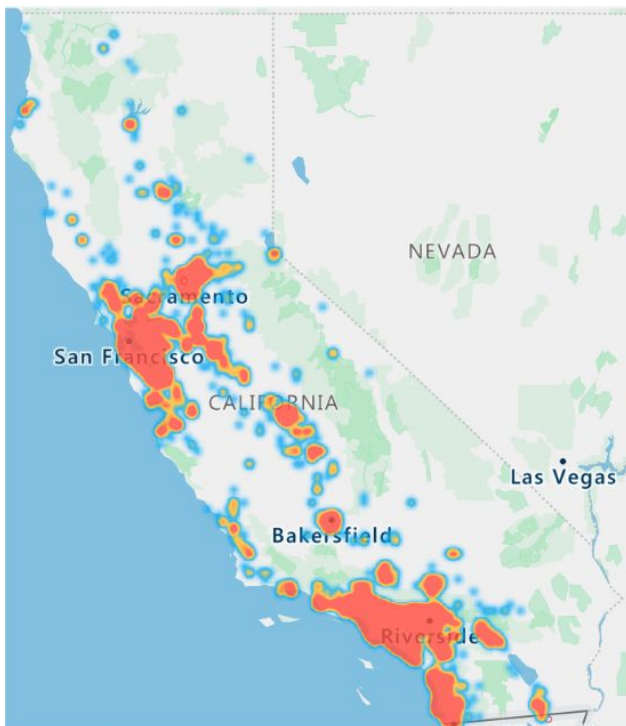
\*This LMI data is based on the business's location only. CDFIs often consider the LMI status of the business's location, the business owner's home address as well as the zip codes of their employees when assessing their impact on the communities. If we apply the more comprehensive approach, it is expected that the numbers would be much higher. The Fund currently only collect the business address on the platform but are looking at ways to collect additional data going forward.



# Impact by the Numbers (continued)

## Small Businesses by Geography

County	Number of Loans	Funded Amount (\$)
Los Angeles	366	21,547,890
San Francisco	216	15,850,655
Orange	118	7,107,788
Santa Clara	98	6,286,645
San Diego	128	5,942,830
Riverside	62	3,576,715
Alameda	51	3,547,483
San Bernardino	51	2,930,490
San Mateo	27	1,619,550
Contra Costa	22	1,488,300



The Fund has supported 83% of counties in California. In total, 40 counties had at least one Rebuilding Fund loan.

55% of loans were deployed in Los Angeles, San Francisco and Orange county. The rest of the top ten funded counties make up 32% of total counties funded.

As of December 31, 2022

## Impact by the Numbers (continued)

### Small Businesses **by Industry** - Top 5 funded Industries in California

Top 5 Industries (by Number of Loans)	Number of Loans	Funded Amount (\$)
Professional Services	220	11,429,831
Restaurant	125	9,292,706
Retail	144	8,860,639
Construction	82	5,568,039
Transportation & Warehousing	65	3,927,239

Followed by Wholesale Trade; Business Services; Healthcare & Social Assistance; Accommodation & Food Service; and Educational Services

As of December 31, 2022

The Rebuilding Fund provided funding to 1,385 small businesses, which in turn has supported **7,025 jobs**. The segmentation of the number of employees per businesses below provides an informative view that even though these are some of the most under-resourced businesses, they provide employment opportunities across their local communities.



**“Through my loan from the California Rebuilding Fund, I was able to keep my 13 staff members employed and do some marketing and promotions to bring people back to my restaurant. I am so thankful for help at the right time so that my business could survive the challenges of the pandemic.”**

- Khalid Zahir, owner of Celebrities Sports Grill

**Location** San Bernardino, CA

**Number of employees** 13

**Use of Loans** Working Capital

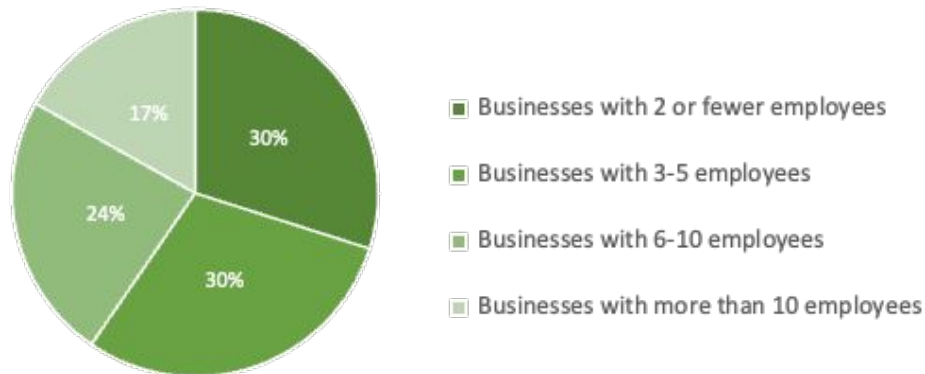
This loan was made by





# Impact by the Numbers (continued)

## Small Businesses by Number of Employees



By Number of Small Businesses	Number of Loans
Businesses with 2 or fewer employees	615
Business with 3-5 employees	372
Businesses with 6-10 employees	238
Businesses with more than 10 employees	160

As of December 31, 2022



Of the funded loans, **30%** have been made to sole proprietorships; **91%** of businesses funded in 2022 were to businesses with 10 or fewer employees, in contrast to 2021 where 87% of funded businesses had 10 or fewer employees.

## Small Businesses by Years in Business

By Number of Small Businesses	Number of Loans	%
3 or more years	1,210	87%
2 to 3 years	128	9%
1 to 2 years	46	3%
Unreported	1	0%

As of December 31, 2022

## Small Businesses by Revenue\*

By Number of Small Businesses	Number of Loans
Less than 100K	265
100K to 250K	345
250K to 500K	267
500K to 1M	257
1M to 5M	202
Unreported	49

As of December 31, 2022

\*Last year revenue as reported by the small businesses at the time of applications

# Borrowers Highlights



Tana was introduced to Karla de Leon, Chief Credit Officer at Main Street Launch and remarked that, “Karla has been great to work with. She tells me exactly what we need, talking me through every step of the process. When I wasn’t ready [for a loan] last year, she helped me get to where I needed to be.” – Tana Harris, owner of Harris Hoisting\*

**Location** San Francisco, CA

**Number of employees** 9

**Woman & BIPOC-owned** Yes

**Veteran-owned** Yes

**Use of loan**

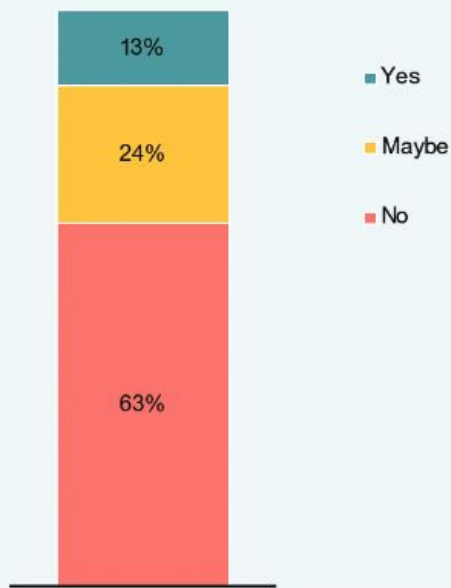
Tana used the loan for expand her business and purchase new equipment

This loan was made by



## Access to Alternatives

Q: Could you easily have found a good alternative to the California Rebuilding Fund loan? (n = 287)



According to the 60\_Decibels survey on California Rebuilding Fund recipients, **over 2 in 3** respondents indicated they could not have found a good alternative to the California Rebuilding Fund loan.

For the one third of respondents who could find an alternative, 26% would most likely turn have turned to the SBA or another bank loan.

The availability of alternative loans was not abundant for many businesses during the pandemic, when many folks needed favorable lending terms and fast. **92%** of respondents said they were pleased with the **favorable loan terms** and interest rates.

\*To learn more about Tana’s business and the impact of her Rebuilding Fund loan on her business, please visit her story [here](#).

## Borrowers Highlights (continued)



**Taylor said of the CA Rebuilding Fund loan: “It helped keep us alive. I would have had to do a personal loan with way more interest...It was a lifeline”** – Taylor Fields, owner of Nostalgia Coffee Roasters

**Location** San Diego, CA

**Number of employees** 4

**Woman & LGBTQ-owned** Yes

**Veteran-owned** Yes

**Use of loan**

Taylor used the loan for payroll, rent, personal protective equipment and to hire more employees.

This loan was made by



**Location** Tarzana, CA

**Number of employees** 3

**Use of loan**

Michael used the loan to bolster his fashion inventory, and amp up digital marketing and advertising efforts.



**“Working through the Rebuilding Fund has been a gift. The interest rate that I’m locked into is a gift. This has been an extraordinary opportunity, and I’ll be forever grateful. I don’t think this would be available to me any other way.”**

– Michael Weintraub, owner of AfterRetail

This loan was made by



**Small Business Finance**  
part of the **momentus capital** family.

## Borrowers Highlights (continued)

<b>Location</b>	Los Angeles, CA
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<b>Number of employees</b>	5
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<b>Woman-owned</b>	Yes
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<b>BIPOC-owned</b>	Yes
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### Use of loan

Uli used the loan to invest in a business remodel and add a focus of e-commerce.

**“Receiving a loan from the California Rebuilding Fund is exactly what my gelato shop needed...I would recommend these low-interest loans to any small business owner looking to build back from the pandemic and grow.”** – Uli Nasibova, owner of Uli’s Gelato



This loan was made by





## Borrowers Highlights (continued)

Be Natural Music was launched to teach kids and adults how to express and build their musical talents through private music lessons, rock and jazz band classes and workshops, and music camps. Founded in Santa Cruz in 1998, Be Natural Music experienced a loss in business due to the COVID-19 pandemic, even with a transition to virtual classes and lessons. A low-interest relief



loan from Working Solutions CDFI through the California Rebuilding Fund helped Be Natural Music stabilize operations. The owner of Be Natural Music, shared: “Working Solutions and the California Rebuilding Fund couldn't have come at a better time! Our Cupertino location was in its first year, and we were struggling to afford the advertising and additional staff we needed. Without this loan, we would have lost our place and the money it took to obtain the location, so we are incredibly grateful!”

– Matthew Pinck, owner of Be Natural Music

<b>Location</b>	Santa Clara, CA	<b>Use of loan</b> Matthew used the loan for marketing efforts and advertising, to hire additional staff, and working capital.
<b>Number of employees</b>	4	

This loan was made by



# California Rebuilding Fund Insights from **60 Decibels**

## Project Summary

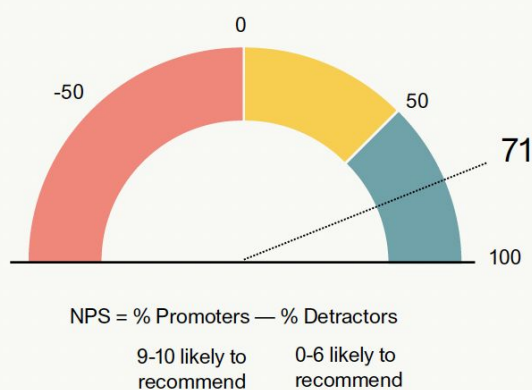
60 Decibels partnered with the Community Reinvestment Fund USA, Calvert Impact Capital and Kiva to understand the impact of the California Rebuilding Fund on small businesses who received loans from the Fund. Partner Organizations came together, via an innovative structure and collaborative funding model, to better understand and address common challenges in accessing and deploying capital for historically underserved communities.

287 California Rebuilding Fund loan recipients were surveyed between June - September 2022. Below are some highlights from the study. The full insights report can be found here: [link](#) to study.

**More than half** of the respondents who had received a California Rebuilding Fund loan noted they were **borrowing money for their business for the first time**. A need for such capital was cited as the highest ranked obstacle holding back their business from achieving its full potential.

### Net Promoter Score® (NPS)

Q: On a scale of 0 to 10, where 0 is very unlikely and 10 is very likely, how likely are you to recommend working with California Rebuilding Fund to a friend or family? (n = 284)



The **Net Promoter Score®** is a gauge of satisfaction and loyalty. Anything above 50 is considered excellent. The California Rebuilding Fund received a Net Promoter Score® of 71.

The report cited owners' abilities to stay open, make payroll, and invest back into their business as result of receiving a California Rebuilding Fund loan.

- 68% reported they can **better manage** their finances now than before receiving the loan.
- 67% said their **ability to maintain jobs** has increased because of the loan.
- 77% said their **stress** levels related to finances has **decreased** as a result of the loan.
- 21% believed they would have closed permanently if not for accessing the loan. Another 21% said they would have had to close at least temporarily if not for receiving a California Rebuilding Fund loan.
- **Over 2 in 3** responded indicated they could not have found a good alternative to the California Rebuilding fund loan.



# Beyond the Impact Metrics

## Public-Private Partnerships

The California Rebuilding Fund is the result of multiple public-private partnerships. It is anchored by a commitment from the California Infrastructure and Economic Development Bank. In addition to the state’s support, the Fund also has a unique component in offering San Francisco-based small businesses interest-free loans thanks to the support of the City and County of San Francisco. Furthermore, the County of Santa Clara has dedicated capital toward the Fund in supporting small businesses in its communities.

## Network of Partners

In addition to the immense public support from the cities, counties, and state of California, the Rebuilding Fund is also anchored by the commitments of many dedicated partners – from participating lenders to supporting partners – that bring in their expertise and networks to support the initiative.

### An extensive network of partners committed to revitalizing local small businesses

Participating Lenders	Supporting Partners
  	    
  	    
  	    

## Beyond the Impact Metrics (continued)

Further, Calvert Impact Capital and the Small Business Majority hosted webinars for local government leaders to review the progress of the Rebuilding Fund and discuss ways they can help spread the work locally, as well as to engage business support organizations and Chambers across the state.

Here are some additional examples of outreach:

- CAMEO has been conducting “train the trainer” events for small business support organizations across the state and has trained hundreds of these organizations already.
- Small Business Majority has teamed up with Sacramento Promise Zone to educate Sacramento small and micro businesses on the California Rebuilding Fund.
- Small Business Majority and Access Plus Capital hosted a webinar for small businesses in Fresno interested in learning more about the California Rebuilding Fund.

### Technical Assistance Solutions

Technical assistance support is offered to loan applicants as well as funded small businesses. The range of business support services includes:

- Accounting
- Business Planning
- Buying / Selling a Business
- Cash Flow Management
- Company Formation
- Credit Counseling
- Customer Relations
- Financial / Capital Solutions
- Franchising
- Human Resources
- Marketing or Sales
- Technology and e-Commerce

**1 in 5 businesses** funded by the program has taken up **technical assistance support**.

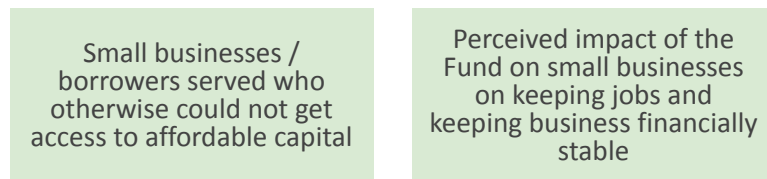
# Looking Ahead

In this report, we have provided a cross-sectional view of the California Rebuilding Fund around key output metrics from the Fund's first three years of operations.

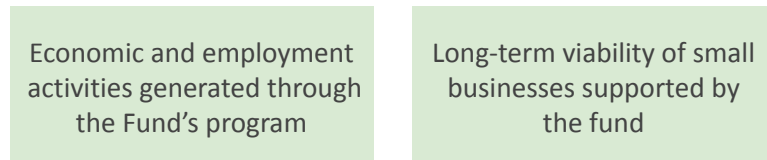
## Impact Output Metrics



## Longer Term Impact Outcomes



By gaining a deeper understanding the experiences and outlook of small business owners, the Fund – along with other investors, banks, and policymakers – will continue to improve responsiveness and support to preserve businesses and jobs throughout California.



# California Rebuilding Fund

## 2023 Public Benefit Report Summary

### Disclaimer

This report has been prepared by California Rebuilding Fund ("CARF") as of December 31, 2023 for informational purposes only. This report may not be modified, in whole or in part, without the prior written consent of CARF.

This report contains certain "forward-looking statements," which can be identified by the use of forward-looking terminology such as "may," "will," "should," "expect," "anticipate," "seek," "target," "intend," "believe," "continue to," or the negatives of those terms or variations thereon or similar expressions. Forward-looking statements are based on current assumptions that may not be accurate. As such, forward-looking statements are inherently subject to significant business, economic, market, regulatory, and other risks, contingencies, and uncertainties, most of which are difficult to predict and could cause actual events or results or the performance of CARF to differ materially from those reflected or contemplated in such forward-looking statements. We undertake no obligation to update this report to conform to actual results or changes in our expectations, unless required by applicable law. In addition, past performance is no guarantee of future results.