

The State of Small Businesses



Small Businesses Do Big Things

Small businesses are a key driver of our economy. They support the growth and vitality of our neighborhoods, spark innovation, and provide a proven pathway for many people — particularly women and minorities — to achieve financial success and independence.

But They Face Big Challenges

We're still a long way from entrepreneurship being equally representative of the American population. In the midst of widening economic inequality, many small business owners face significant barriers to joining the middle class. More than two million business loan requests are rejected every year, starving hard-working entrepreneurs of capital and communities of growth, especially in low-income and minority areas.

The Biggest Problem of All

There are many obstacles preventing women, minorities, and low- to moderate-income business owners from getting ahead, but key among them is the difficulty in obtaining a loan. And even when minority- and women-owned small businesses are approved for financing, it's often at lower amounts and with higher interest rates.

Luz Urrutia, Opportunity Fund CEO

"Since its founding in 1994, Opportunity Fund has been leading efforts to help hard-working entrepreneurs transform their lives and build a better future. Join us and help transform small businesses. Transform communities. Transform futures. Transform lives."



For every 1% increase in entrepreneurship...

- 2% drop in the U.S. poverty rate²
- Significant increase in average net worth & household income³
- Decrease of more than 60% in reliance on government assistance programs³

Number of U.S. small businesses¹

30 million

The entrepreneurs who run the boutiques, florists, cafes, hair salons, yoga studios, and other businesses that line our main streets not only make our lives better, they generate about **50% of our GDP** and create **nearly two-thirds of all new private sector jobs**.

Number of business loans rejected every single day⁴

8,000

2x

Likelihood of Black and Hispanic applicants to be denied credit as compared to whites⁵

Once denied credit, likelihood of Black and Hispanic borrowers to use alternative, often predatory financing⁵

3x

Sources: 1.) Statistics of U.S. Businesses, U.S. Census Bureau; 2.) Goldwater Institute; 3.) Aspen Institute; 4.) Association for Enterprise Opportunity; 5.) Federal Reserve

Opportunity Fund's FY19 Impact

Opportunity Fund is Making a Big Difference

Our clients can now be found in nearly every state and they run just about every type of business. What they all have in common is that they are extremely hard-working entrepreneurs who are supporting themselves and their families, helping to create and sustain jobs, and investing in their local communities.

Our Impact is Powerful & Measurable

In the fiscal year just ended, we loaned more than **\$117 million to more than 3,000 businesses** that are busy making coffee, cleaning homes, taking care of kids, polishing nails, cooking meals, and tuning up engines, all while transforming the lives of their families and their employees, and making a difference in their surrounding communities.

25 Years and 17,000+ Loans Later, Opportunity Fund is Just Getting Started

We anticipate pouring \$1.4 billion into small businesses and low-income neighborhoods across the country — investing **\$174 million in impactful community real estate projects** through our New Markets Tax Credit (NMTC) program and lending **\$1.2 billion to help nearly 30,000 small businesses**. This investment will empower entrepreneurs, reinvigorate neighborhoods, and **create or sustain nearly 100,000 jobs nationwide** by 2023, thereby generating **\$5.9 billion in additional, downstream economic activity**.

We're not just making more loans. We're making more loans in more places with more partners. We're continuing our geographic expansion and currently operate in 45 states through our partnership with LendingClub. Now that we are one of the largest providers of long-haul trucking loans in the state of California, we're taking the program on the road and partnering with KeyBank to offer trucking loans in New York.

And we're making waves with our advocacy work by asking questions, researching issues, collecting data, and finding solutions to support our small business borrowers; doing our part to bring regulation and enforcement to predatory lending practices at the state and local levels; and scoring a major policy win this year with the California truth in lending act for small businesses.

All this work is not going unnoticed. Charity Navigator, AERIS, and GuideStar all awarded us with **four-star ratings** and our clients honored us with a 4.3-star rating on Google.

New Markets Tax Credit Program

\$43M	3	6,277	397,336
INVESTED	PROJECTS CLOSED	CUMULATIVE JOBS SUPPORTED*	LOW-INCOME PEOPLE SERVED ANNUALLY BY ALL NMTC PROJECTS*

* As of 6/30/18

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FY19 Impact Highlights

3,193 loans to
entrepreneurs

1,192 new loans in NorCal	1,503 new loans in SoCal	Median loan size: \$26,724
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\$117,571,270

INVESTED IN SMALL BUSINESSES

\$52,043,366 invested in NorCal	\$49,552,060 invested in SoCal
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Nearly 10,000 jobs
created or sustained

Average number of jobs created or
sustained per loan: 2.93

Committed to serving
the underserved

62% LOW & MODERATE INCOME	86% ETHNIC MINORITIES	32% WOMEN
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Advocacy in Action

Worked hand-in-hand with a wide array of lenders, community partners, and policymakers to enact a historic piece of legislation — the California truth in lending act for small businesses, which makes **California the first (and so far only) state to pass a disclosure law** for small business financing

Olivia Colt

Salt & Honey Catering
Oakland, CA

Olivia was 27 when she had her first stroke. While recovering, she decided to quit her corporate job and start a catering company. In the meantime, she was diagnosed with an extremely rare, chronic condition, and needed one of the world's most expensive drugs to control it. The only way Olivia could afford her medication was to go on MediCal so she could qualify for disability, which didn't make her a good candidate for a loan. Every bank said no, but Opportunity Fund loaned her \$15,000. Today Olivia's health is good, and her business employs 18.

