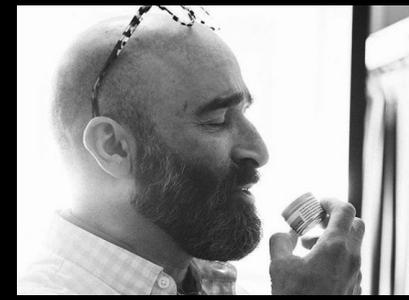




believe in small business

2020
Social Impact Report





Message from the CEO

Rising to the Challenge

Dear Friends,

I hope this message finds you safe and well.

Reflecting on 2020, the irony of such an unusual year is that in our universal disorientation and through our mutual social distancing, we actually became more connected than ever through a globally shared experience. Together, we lived stories of inspiration, adversity, and determination—we strengthened our ability to pivot, adapt, empathize, and support one another individually and in community.

As we look ahead with hope for recovery, I am proud that Working Solutions has good news to share about a year that was anything but ordinary.

In spite of—and in response to—the COVID-19 pandemic and many compounded economic, social, and environmental crises, Working Solutions delivered our **biggest single year of results and impact to date: \$4.5 million in microloans and grants and 6,000 free consulting hours provided to small businesses** owned primarily by entrepreneurs of color, women, and low-income individuals.

Thanks to the support of our partners and funders, Working Solutions has remained strong as an organization so that we can stay strong for the small business community in turn. As a CDFI, we will always be the *First to Believe* in and the *First to Respond* to small businesses. We invite you to join us as we continue to help entrepreneurs recover and thrive.

With deep appreciation,

Sara Razavi, CEO

BOARD OF DIRECTORS 2020

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Sterling Bank & Trust

Victor Wong, Vice Chair
Square

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U.C. Berkeley Haas School of Business

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3S, Smart Strategic Solutions

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Cover:
Working Solutions Clients
(see inside back cover for photo credits)

First to Believe in entrepreneurship

Mission

Working Solutions is the *First to Believe* in start-up and early-stage businesses by providing affordable capital, customized business consulting, and community connections to diverse entrepreneurs—with a focus on low-income individuals, entrepreneurs of color, and women—to increase economic opportunity in the San Francisco Bay Area.

Model

Working Solutions is a certified, nonprofit Community Development Financial Institution (CDFI) that pairs capital with consulting to help entrepreneurs start and grow thriving small businesses that strengthen the local economy, create jobs, and build strong communities.

Capital

- Microloans of \$5,000 – \$50,000
- Small business grants

Consulting

- Free, one-on-one business consulting
- Financial management and commercial real estate assistance

FY2020 Impact (10/1/2019 – 9/30/2020)

\$4.5 million

Total Amount of Loans and Grants

6,000

Technical Assistance Hours

420

Businesses Funded

70%

Entrepreneurs of Color

60%

Women Entrepreneurs

80%

Low-Income Entrepreneurs

All-Time Impact

\$31 million

Total Amount of Loans and Grants

50%

Entrepreneurs of Color

60%

Women Entrepreneurs

65%

Low-Income Entrepreneurs

First to Respond to *small business*

SERVING AS A FINANCIAL FIRST RESPONDER

Working Solutions responded quickly to the health, economic, social, and environmental challenges of 2020 by:

- launching our own recovery loan product for start-up and early-stage businesses;
- providing technical assistance and economic relief grants for small businesses in crisis; and
- supporting our portfolio of 400 loan clients with payment deferments, resource-sharing, and free business consulting on risk mitigation and crisis management.

COVID-19 Impact (March – December 2020)

\$6.7 million

Total Amount of Loans and Grants

1,100

Businesses Funded

6,100

Technical Assistance Hours

OUR COVID-19 RESPONSE:

(March – December 2020)

Phase 0:

Secure our staff and business continuity.

Phase 1:

Help small businesses manage crisis-related cash flow issues.

Phase 2:

Administer grants for small businesses to minimize cash flow disruptions.

Phase 3:

Provide concessionary capital for sustained support through recovery loans.

Phase 4:

Provide debt relief and protect small business credit.

Pictured: Gnakouri Tohouri, owner of Gatom Foods and Alloko Garden. Photo Credit: David Law, Wild Horse Productions

First to Respond to Menlo Cafe

Elvia Franco and Efrain Osuna had a dream of becoming small business owners and purchased the Menlo Cafe after working there for many years.

When the COVID-19 pandemic hit, Elvia and Efrain estimate that sales dropped by 75%, since most customers were employees at nearby offices.

Elvia and Efrain needed relief capital, and after learning about Working Solutions from a friend, they applied for and received a \$20,000 recovery loan in July 2020. Elvia said, “Getting this loan from Working Solutions was such a relief and allowed us to save our business. Without Working Solutions, we wouldn’t have survived the pandemic.”

Elvia and Efrain have been resourceful about finding new revenue streams during the pandemic, including catering for local clinics and hospitals, expanding delivery services, and offering gift cards. Loyal customers have been very supportive, with one individual buying 50 gift cards to share with friends!

Elvia and Efrain have also taken advantage of the free business consulting offered by Working Solutions in conjunction with their loan to help address the issues that come with operating in the age of COVID-19. They have attended virtual workshops on financing and marketing, and Working Solutions staff have also directed them to other resources, including new grant opportunities.

To her fellow small business owners, Elvia had this to say: “Don’t be afraid to ask for help. There are organizations like Working Solutions out there to support you.”



Business Name:

Menlo Cafe

Business Owners:

Elvia Franco and Efrain Osuna

Location:

San Mateo County

Product:

Cafe serving breakfast and lunch

COVID-19 Support:

- Recovery loan
- Consulting on cash flow management and digital marketing

“ Getting this loan from Working Solutions was such a relief and allowed us to save our business. Without Working Solutions, we wouldn’t have survived the pandemic. ”

– Elvia Franco, co-owner

First to Respond with *small business grants*

PIVOTING FROM LOANS TO GRANTS

At the start of the pandemic, Working Solutions recognized that businesses would need immediate cash injections to survive, so we pivoted to position ourselves as an administrator of small business grants.



OAKLAND GRANTS

Together with the City of Oakland, Working Solutions administered two grant programs for small businesses in 2020.

- April–August: Working Solutions disbursed **\$1.375 million in grants to 275 low-income small business owners**. Thank you to the Oakland COVID-19 Relief Fund, Union Bank, and the individual donors who made this program possible.
- October–December: Working Solutions disbursed an additional **\$500,000 to 159 home-based businesses**. Made possible by the federal Coronavirus Aid, Relief, and Economic Security (CARES) Act, this program served home-based entrepreneurs with businesses not yet in a brick-and-mortar location.

To reduce language barriers, applications for both programs were available in English, Spanish, Chinese, and Vietnamese.

First to Respond with small business grants

SONOMA GRANTS

In partnership with the Sonoma County Economic Development Board and the Sonoma County Board of Supervisors, and with federal funding from the CARES Act, Working Solutions disbursed **\$2.35 million in grants to 542 small businesses in Sonoma County** from October to December.

NAPA GRANTS

Working Solutions and the City of Napa, with support from Napa Valley Community Foundation and the Napa-Sonoma Small Business Development Center, disbursed **\$96,700 in grants to 21 businesses** with funding from the CARES Act and Bank of Marin.

ALBANY GRANTS

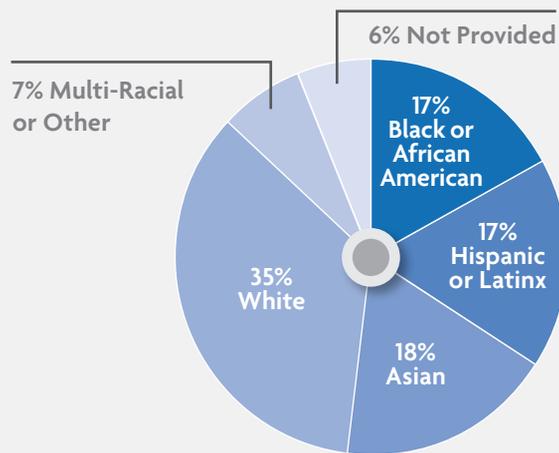
Veronica and Scott Davidson, owners of Ocean View Brew Works in Albany, saw the impact of the pandemic on fellow small business owners and wanted to do something to help. They launched an Indiegogo fundraiser and partnered with Working Solutions to provide **grants of \$1,000 to 15 local businesses** to help them offset financial losses due to the pandemic.

STATEWIDE GRANTS

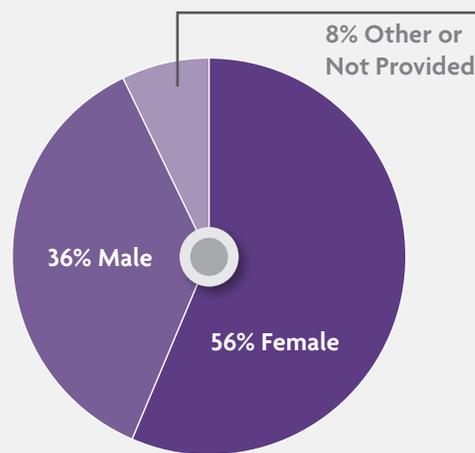
Working Solutions continues to serve as a partner on small business grant programs to help get flexible, no-cost capital into the hands of those who need it most. We are proud to be one of a select group of partners on the **\$2.5 billion California Small Business COVID-19 Relief Grant Program** administered by the California Office of the Small Business Advocate and CDFI Lendistry.

GRANT RECIPIENTS (March – December 2020)

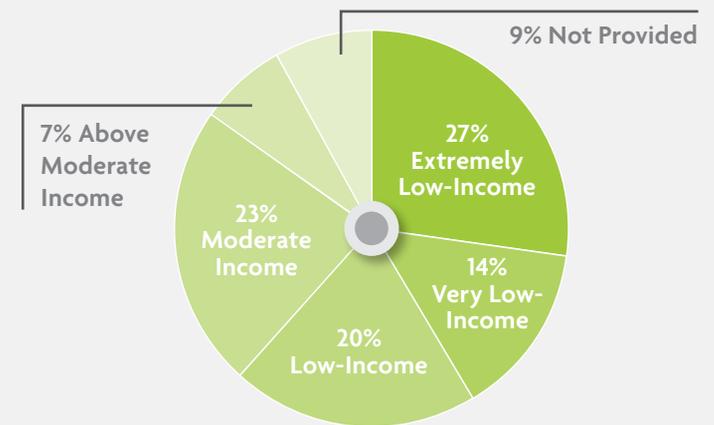
Calculated by dollars deployed



Race of Business Owner



Gender of Business Owner



Income Level of Business Owner

First to Respond to *HEAL: Pilates*

Ayanna Makalani was introduced to Pilates during rehabilitation for knee surgery after years of being a competitive gymnast and avid dancer. She fell in love with the Pilates method and began teaching, and she dreamed of opening her own studio.

In 2015, a loan of \$15,000 from Working Solutions helped Ayanna launch HEAL: Pilates. In 2019, she returned for a second loan of \$25,000.

When the COVID-19 pandemic hit, Ayanna had to close her physical studio and pivot to online classes. **To help her business weather the COVID-19 crisis, Ayanna received an emergency relief grant through Working Solutions in partnership with Ocean View Brew Works in Albany.** Working Solutions also provided support with lease negotiations, operations, and marketing during the pandemic. Ayanna shared, “COVID-19 has brought challenges, but also resilience and hope. I’m proud of the work my studio is doing for our clients, families, and community!”



Business Name:

HEAL: Pilates

Business Owner:

Ayanna Makalani

Location:

Alameda County

Product:

Private and group Pilates classes

COVID-19 Support:

- Emergency relief grant
- Consulting on lease negotiations, operations, and marketing

“Particularly in the COVID-19 environment, I am grateful that I can turn to Working Solutions for challenges big or small, and they will always do their best to help and support me.”

– Ayanna Makalani, owner

First to Respond with *business consulting*

PIVOTING TO COVID-SPECIFIC SUPPORT

In the COVID-19 environment, technical assistance and business consulting have become even more imperative as Bay Area business owners have pivoted their models and in some cases entirely reimagined how to do business in response to the pandemic.

Working Solutions provided 6,100 hours of free consulting to small business owners from March–December 2020. We had planned to provide 3,000 hours during the entire fiscal year. These additional consulting hours supported both our existing loan portfolio of 400 small businesses as well as new inquiries about grants, resources, and crisis relief. Our business consulting is subsidized by grants from our funders.

CONSULTING HOURS PROVIDED

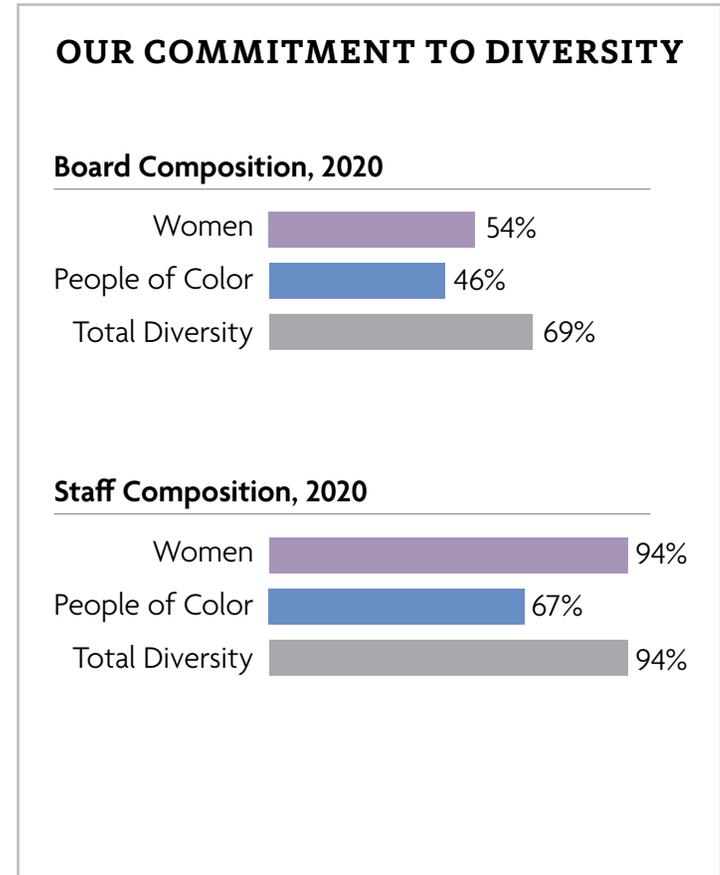
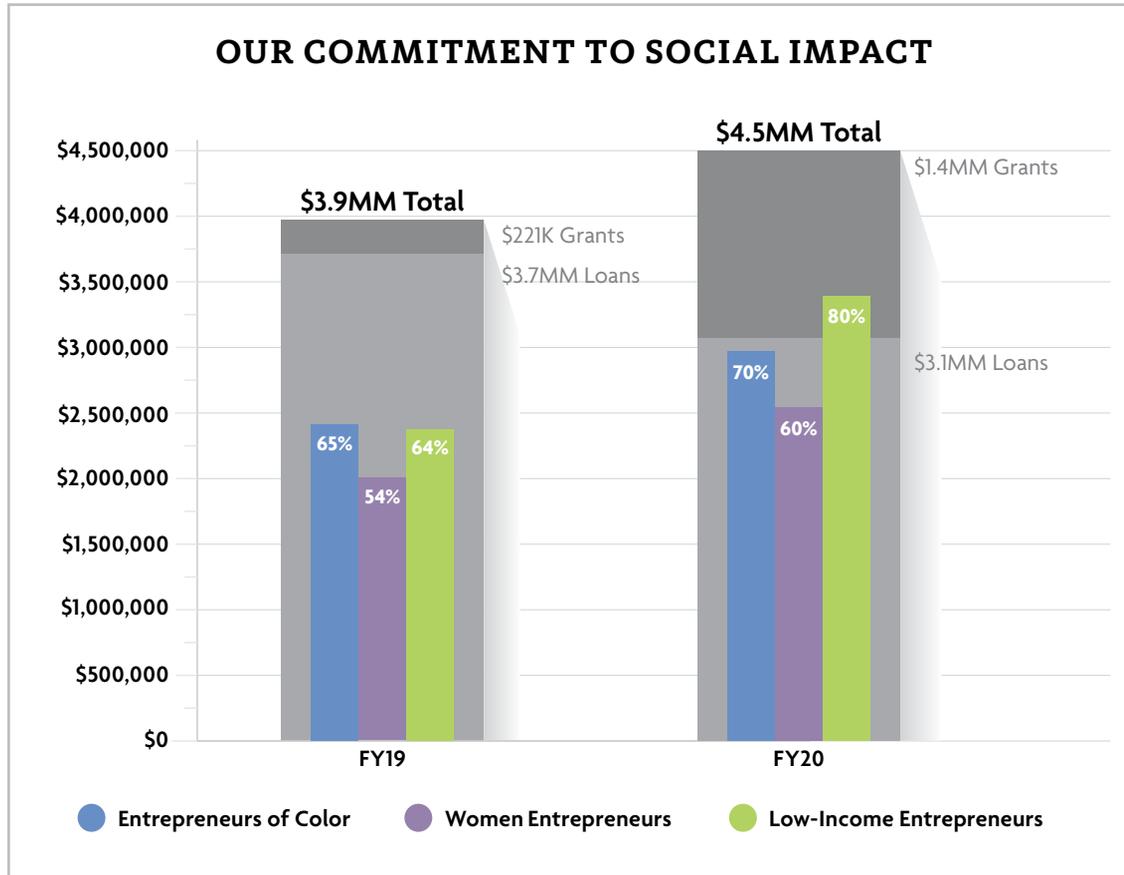
Before COVID-19	40% pre-loan	60% post-loan
During COVID-19	60% pre-loan	40% post-loan

COVID-19 CONSULTING TOPICS

- **Debt Management:** cash flow, repayment planning, and shifting liabilities to survive.
- **Capital Access:** support with grant and loan applications for affordable capital.
- **Financial Planning:** how to use new loan money and/or grant capital to stabilize.
- **Insurance:** support with claims due to hardships from COVID-19.
- **Business Operations:** creating lean and COVID-compliant business practices.
- **Marketing:** how to maximize technology and digital opportunities.
- **Exit Strategy:** support for business owners who need to transition out.

First to Believe in *social impact*

Working Solutions met or exceeded our social impact goals in FY2020, even as we increased deployment in response to the year's multiple crises: **70% of our capital was deployed to businesses owned by entrepreneurs of color, 60% to women-owned businesses, and 80% to businesses owned by low-income individuals.** Our social impact values are also reflected in the diverse composition of our Board of Directors and staff.



First to Believe in recovery and resilience

INVESTING IN THE FUTURE OF SMALL BUSINESS

As we move from crisis to recovery, our top priority as an organization is to help small business owners reopen their doors and get back to business.

This has meant stretching our model to be on the financial front lines for entrepreneurs—whether through grants administration, recovery loans, payment relief, or COVID-focused consulting. **Thanks to the generous support of our funders and partners, Working Solutions has been able to assist over 1,100 businesses during the pandemic.**

Working Solutions will continue to share our expertise and insights as a trusted resource to small businesses as well as government and philanthropic partners. We will continue to use our voice to advocate for small businesses at the local, state, and national levels. And we will continue to assist small business owners as they recover and rebuild our vibrant local economy.

We invite you to learn more and stay connected with our work by visiting workingsolutions.org.

“ *In spite of—and in response to—the COVID-19 pandemic and compounded economic, social, and environmental crises, Working Solutions delivered our biggest single year of results and impact to date.* ”

—Sara Razavi, CEO

INVESTED IN COVID-19 RELIEF

(March – December 2020):

Recovery Loans Made:
(at subsidized rates)

\$2.4 million

Value of Consulting Support Provided:

\$1.3 million

Relief Grants Administered:

\$4.3 million

Total Invested:

\$8 million

Financials

Per audited financial statements as of fiscal year end (9/30)

Condensed Statement of Financial Position

	2020	2019
Net Loans Receivable	\$6,784,156	\$7,052,970
Other Assets	\$5,971,598	\$5,538,525
Total Assets	\$12,755,754	\$12,591,495
Liabilities	\$8,072,585	\$8,018,923
Net Assets	\$4,683,169	\$4,572,572

Key Ratios (as of FYE2020)

	FYE 2020
Loans Under Management	389
Net Asset Ratio	37%
Self-Sufficiency Ratio	37%
Deployment Ratio	80%
Net Write-Off Rate	6%

Condensed Statement of Activities

	2020	2019
Total Contributions and Grants	\$2,364,597	\$1,841,950
Total Earned Revenue	\$1,348,451	\$1,102,061
Total Contributions, Grants, and Earned Revenue	\$3,713,048	\$2,944,011
Program Services	\$2,387,253	\$1,924,207
Management and General	\$772,789	\$640,037
Fundraising	\$442,409	\$307,961
Total Expenses	\$3,602,451	\$2,872,205
Change in Net Assets	\$110,597	\$71,806
Net Assets, End of Year	\$4,683,169	\$4,572,572



Pictured: GW "Chef" Chew, owner of Something Better Foods.
Photo Credit: Erin Crysdale.

First to Believe in *our work*

(10/1/2019 – 12/31/2020)

Institutional Donors

Bank of America and the 2020 Neighborhood Builders Program
Bank of Marin
Bank of the West
Boston Private
California Bank of Commerce
Capital One
Cathay Bank Foundation
Citi Foundation
City National Bank
Comerica Charitable Foundation
Federal Home Loan Bank of San Francisco
First Republic Bank
General Catalyst
Walter & Elise Haas Fund
HSBC Bank USA, N.A.
JPMorgan Chase Foundation
Manufacturers Bank
MUFU Union Bank Foundation
Opportunity Finance Network/
Morgan Stanley
The Sobrato Family Foundation
U.S. Bank
Wells Fargo
Western Alliance Community
Foundation/Bridge Bank

Small Business Grant and Government Partners

California Office of the Small Business Advocate (CalOSBA)
California Governor's Office of Business and Economic Development (GO-Biz)
California Capital Access Program (CalCAP)
CDFI Fund
City and County of San Francisco
City of Berkeley
City of Napa
City of Oakland
Lendistry
MUFU Union Bank Foundation
Napa Valley Community Foundation
Oakland COVID-19 Relief Fund
Ocean View Brew Works
Small Business Development Centers (SBDCs)
Sonoma County Board of Supervisors
Sonoma County Economic Development Board
U.S. Small Business Administration (SBA)

Loan Fund Investors

Adrian Dominican Sisters
Bank of Marin
Bank of the West
Beneficial State Bank
California Bank of Commerce
California Rebuilding Fund
Capital One
CDFI Fund
City and County of San Francisco
Comerica Bank
Exchange Bank
First Bank
First Republic Bank
HSBC Bank USA, N.A.
JPMorgan Chase Foundation
Luther Burbank Savings
Manufacturers Bank
Mechanics Bank
Opportunity Finance Network
Opus Bank
Poppy Bank
Redwood Credit Union
D10 Implementation Committee (San Francisco District 10)
Summit State Bank
Tri Counties Bank

Thank You to Our Supporters!

COVID-19 Strategic Response Funders (through 12/31/2020)

\$100,000 and above

Bank of America
Bank of the West
Citi Foundation
Comerica Charitable Foundation
HSBC Bank USA, N.A.
MUFU Union Bank Foundation
The Sobrato Family Foundation
Wells Fargo

\$10,000 and above

Bank of Marin
Capital One
City National Bank
Federal Home Loan Bank of San Francisco
First Republic Bank
Walter & Elise Haas Fund
Opportunity Finance Network/
Morgan Stanley
U.S. Bank

Loan Fund Investors (continued)

U.S. Bank
U.S. Small Business Administration (SBA)
Wells Fargo
Western Alliance Bank

Pro Bono Supporters

Gunderson Direct
Morrison & Foerster
O'Melveny

Credits:

Graphic Design: Gunderson Direct

Photography: All photos courtesy of the clients, unless otherwise noted.

FRONT COVER:

Top Row (left to right): Koji Kanematsu, Onigilly (credit Tamisie Honey); Maria Palacio, Progeny Coffee; Pancho Kachingwe, The Hatch (credit Erin Crysedale); Lauren Crabbe and Michael McCrory, Andytown Coffee Roasters; Xiomara Rosa-Tedla, UnoEth

Second Row (left to right): Dionne Knox, Zella's Soulful Kitchen; Kris and Kim Nations, Kris Nations

Third Row (left to right): Nona Lim, Nona Lim; Diego Torrelío, Circlefoot Permaculture

Fourth Row (left to right): Jonathan Plotzker-Kelly, Heliotrope (credit Michael Joy Photography); Mercedes Hernandez, Bow N Arrow Clothing; Dionicia Valdovinos and Zacarias Martin, Taqueria Molcajetes (credit Erin Crysedale); Sway Soturi, Forest & Flour (credit Jop Baylon Photography); Dana Osbourne, Napa Dog

Fifth Row (left to right): Mike Armenta and Michael Maher, Taylor Stitch; GW "Chef" Chew, Something Better Foods (credit Erin Crysedale); Patty Rodriguez, SF Parking; Dionne McCray, Iva Jewell by Dionne; Magdy Kotb, The Clothing Coach

Join Us

Your support makes a difference!
Contact us to see how you can help us reach even more local entrepreneurs.

Contact Us

 info@workingsolutions.org

 (415) 780-1217

 workingsolutions.org

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 @ws_microloans

 @WorkingSolutionsMicroloans

 Working Solutions Microloans

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*We believe in
small business*