

IMPACT



ANCHOR
CAPITAL FOR A COMMON GOAL



REPORT

2022

Anchor bridges the government gap between America's community banks and the businesses and families they represent.



Our Mission

Offering small business loans designed to provide long-term, cost-effective financing strategies to support businesses located in economically distressed communities. Anchor is dedicated to this mission through our ongoing strategic goals:

Emulate urban opportunities for rural businesses to promote community development;

Provide responsible financing opportunities to fill the gap between commercial lending and small business needs; and

Increase outreach of affordable financing options to defend against predatory lending.

About Anchor

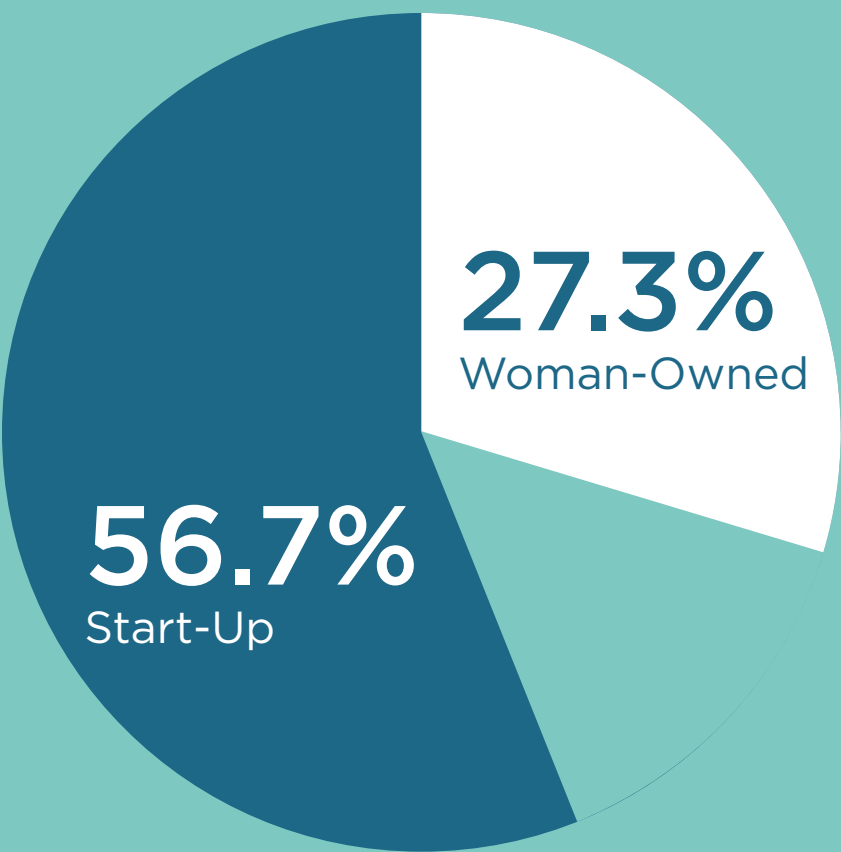
Anchor Financial Services (Anchor) is a 501(c)(3) non-profit, U.S. Treasury, and SBA-certified Community Development Financial Institutions (CDFI) whose mission is to support America's communities through creative lending initiatives within underserved markets. We provide viable small businesses with long-term, cost-effective financing strategies designed to stimulate economic expansion, promote sustainable job growth, and achieve the American Dream. By bridging the government gap, we are building diverse vibrant communities where access to capital is within reach for those committed to entrepreneurship and hard work.

Anchor's loan products are geared towards the cooperative benefit of all parties: Small businesses through sustainable funding; community banks with participatory financing; and the

community through increased job creation. Anchor specializes in supporting small businesses within rural markets with access to capital and financial support services offering small business loans of less than \$350,000 and subordinated real estate financing up to \$5.5 million. As a lender located in the heart of rural America, Anchor's loan funds have supported over 48.0% rural businesses, 37.4% start-up businesses, and 33.3% women-owned businesses. 67.3% of Anchor's funding has been deployed within targeted Investment Areas.



Economic Impact



Targeted Investment Areas

89.1%

Funding by Loan Amount

81.8%

Funding by Number of Loans

Anchor’s economic impact is multiplied through its ongoing support of America’s manufacturers and its specialized support of new and emerging businesses. Manufacturing, which is Anchor’s largest industry segment, typically pays a higher wage than other industries. This higher wage results in greater economic impact to the local economy. Anchor supported the manufacturing industry in 2023 providing 46.1% of our funding to this industry. The resulting employment impact is projected to affect gross annual payrolls of almost \$6.1 million.

Anchor funded \$4.97 million (56.7%) in 2023 to start-up businesses. Start-up businesses create significantly more net jobs than existing businesses. Anchor has a concentrated effort in supporting start-up businesses, again resulting in a high job creation impact. Our 2023 investment in this business segment is anticipated to create over 130 jobs.

\$1 invested puts \$1.31 into the local economy

Every \$5,482 invested creates 1 job paying an average wage of \$16.78 per hour creating an additional \$3,490.24 in tax revenue (assuming the following tax rates: 6% federal, 3% state, and 1% local) for the average 10-year loan term

Counseling Hours – 11.8 Average Hours

Anchor prides itself in having provided tailored assistance to over 885 small businesses to obtain loans, improve credit, and better manage budgets and sales projections. We do this through one-on-one counseling specialized to the needs and interests of each small business to help ensure the Borrower’s success. It’s this specialized assistance that we directly attribute to our low default rate. With CPAs, former commercial loan officers, retired business owners, and MBAs on staff, Anchor is uniquely qualified to provide informed guidance and assistance in starting, planning, financing, and operating a business.

2023 Business Demographics

\$30,820,856

Project Investment

\$5,734,768

Annual Payroll Impact

Economic Impact

Funded 493 loans totaling more than \$186 million.

Jobs Created Since Inception

5,290

Deployment Ratio

64.1%

\$53,548,931

Payroll Impact

\$4,819,404

Annual Tax Impact





Program Highlights

Understanding the vital role small business plays in opening doors to economic mobility, Anchor's vision is that small business owners have access to affordable and responsible credit to build their businesses, support their families, and create jobs that develop more vibrant communities. Anchor continues to develop new programs to meet identified gaps in the financing needs of businesses and the lending traditional financial institutions can provide.

Addressing this unmet need is vital to the small business community. Demand for our products and services is high as we tailor them to solve the current credit needs by constantly adapting our programs to remain flexible within the market.



BORROWER STORY

Boochy Mama's Probiotic Tonic

Great Lakes Tonics, LLC dba Boochy Mama's Probiotic Tonic is a Kombucha brewer and distributor, owned and operated by Stacy Jurich, who started the business in January 2015 with a mission to brew well-balanced, nature-inspired tonics that could make her community a healthier, happier place. Located in downtown Toledo, Ohio, Boochy Mama is situated in an income qualified assessment area that has a 45.1% poverty rate and 11.9% unemployment rate.

As a growing business, Stacy was constantly finding herself trying to scale up within the confines of her annual sales budget. This limited her ability to purchase larger equipment for the fermentation and bottling processes. Boochy Mama needed a refrigerated delivery van as well as a Brite Tank, Kombucha Tank, and bottling machine to really take her production to a level acceptable to be offered at large-scale retailers and she didn't qualify for traditional loans because of the uniqueness

of the collateral. Anchor helped Stacy split the project into two more manageable phases. The 1st phase financed \$45,000 for the production equipment, delivery van, and working capital to support the increased production costs. While the 2nd phase took the bottling process in-house with an additional \$16,000 of termed debt.

Anchor offered a 5-year term to keep monthly payments manageable. This will allow Boochy Mama to continue to utilize annual operating profits for ongoing growth without the need for additional debt. Since obtaining financing in September 2021, Boochy Mama has hired an additional two part-time employees to meet the increased production needs.

“One of the things I really like about Anchor is they believe in makers...”

New retailers have been added to their distribution network with expanded markets covering a 350-mile radius. Most recently, Boochy Mama was able to open a taproom giving a space for patrons to enjoy her authentically brewed, herbal kombucha and offering a revitalized space within an economically distressed downtown.

“One of the things I really like about Anchor is they believe in makers and you don’t find that necessarily in a traditional bank...Anchor can see the value of a small business in the community...they are an ally in the growth of my business.” – Stacy Jurich (aka Boochy Mama)

Our Impact on Boochy Mama’s Business



New retailers added to their distribution network with expanded markets covering a 350-mile radius.

Opened a taproom offering a revitalized space to an economically distressed downtown.

Follow this link to hear Stacy talk about her business and experience working with Anchor:

<https://vimeo.com/637103201>



Looking Forward

Anchor continues to seek capital investments to support the financing needs of our small businesses. Efforts will be concentrated on utilizing our favorable CDFI certification for CRA partnerships that will afford us greater opportunities to provide more flexible and advantageous financing terms for small businesses. Anchor will seek mutually beneficial partnerships with a network of community banks united by a mission to serve the communities in which we operate.

As Anchor continues to drive our loan products into the most underserved communities, we will generate economic growth and job creation.

As Anchor continues to drive our loan products into the most underserved communities, we will generate economic growth and job creation. Anchor's Equitable Recovery Program funds will be deployed to generate additional investment in CDFI Fund identified markets. Anchor is committed to making 2024 a successful year for the businesses, banks, and communities we support.



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