



**FORGE**

COMMUNITY LOAN FUND

**2020 ANNUAL REPORT**

**(October 01, 2019 to September 30, 2020)**

## FORGE, Inc. is awarded 2020 Microlender of the Year by Small Business Administration

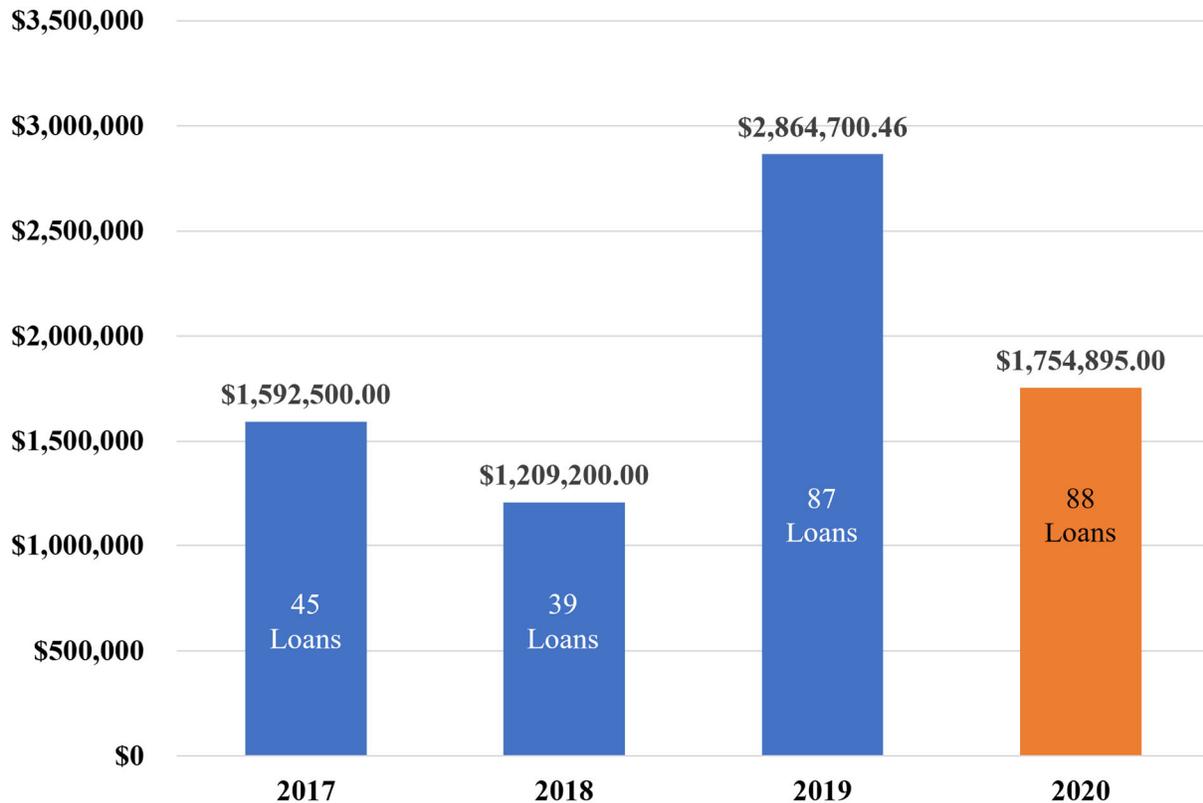


Once again, the U.S. Small Business Administration recognized FORGE as the Arkansas Microlender of the Year. Honored as such since 2014, FORGE continues to be the top microlender in the state and ranks among the top twenty microlenders in the country.

In the last fiscal year, FORGE received 137 complete applications and closed a total of 88 loans valued at \$1,754,895.00. One (1) loans was charged-off this year, with a loss of \$2,946.46.

With expanded operations and record demand, FORGE remains in a strong position to extend its impact across the state and region.

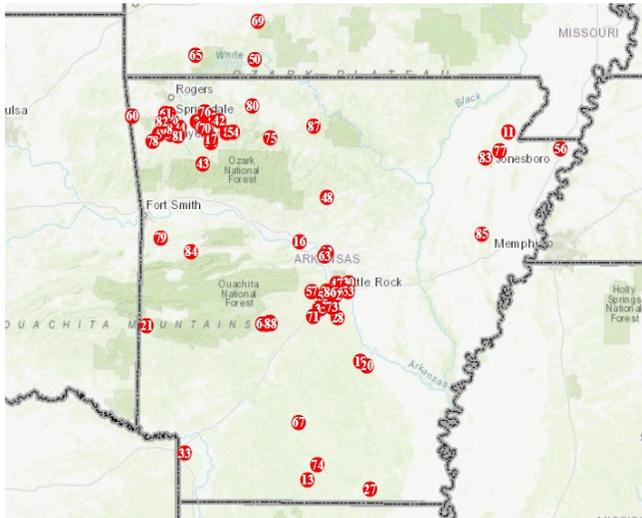
**TOTAL LOANS per FISCAL YEAR**



## Fiscal Year (FY) 2020: Year in Review

In FY 2020 (10/01/2019 - 09/30/2020), FORGE made 88 loans, totaling \$1,754,895.00, to underserved entrepreneurs, including 37 loans (42%) to minority entrepreneurs, 35 loans (40%) to women, and 12 loans (14%) to veterans.

### Loan Location by Region:



\* FY2020 FORGE Loans Geocoded w/CIMS3

<u>Region Name</u>	<u># Loans</u>	<u>% Loans</u>
Central Ark	42	48%
Eastern Ark	4	4%
Northwest Ark	34	39%
Southern Ark	4	5%
Western Ark	1	1%
Missouri	3	3%

### Demographics:

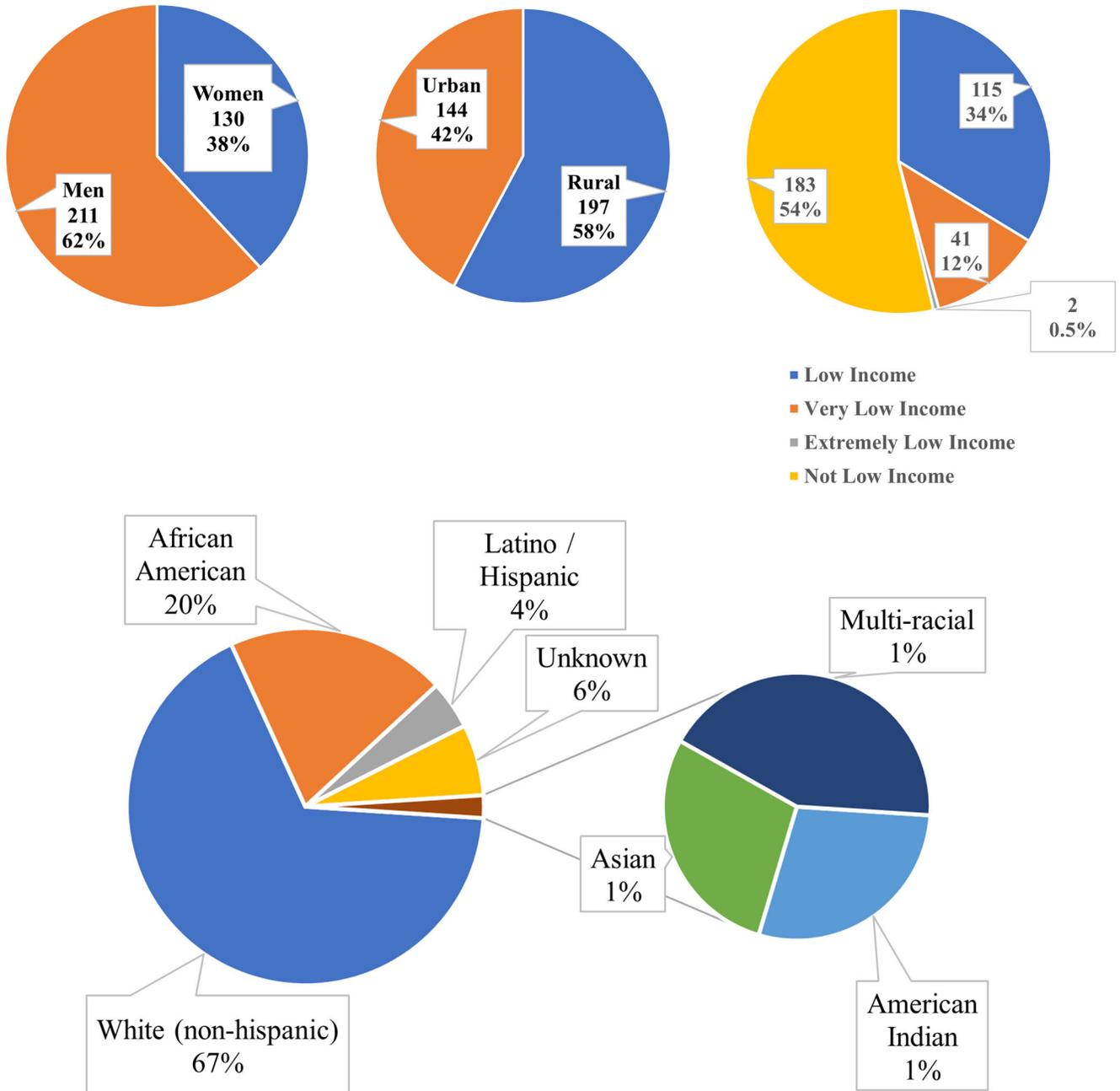
	<u># Loans</u>	<u>% Loans</u>		<u># Loans</u>	<u>% Loans</u>
Women	35	40%	Rural	47	53%
Men	53	60%	Urban	41	47%
Low Income	49	56%	Veteran	13	14%

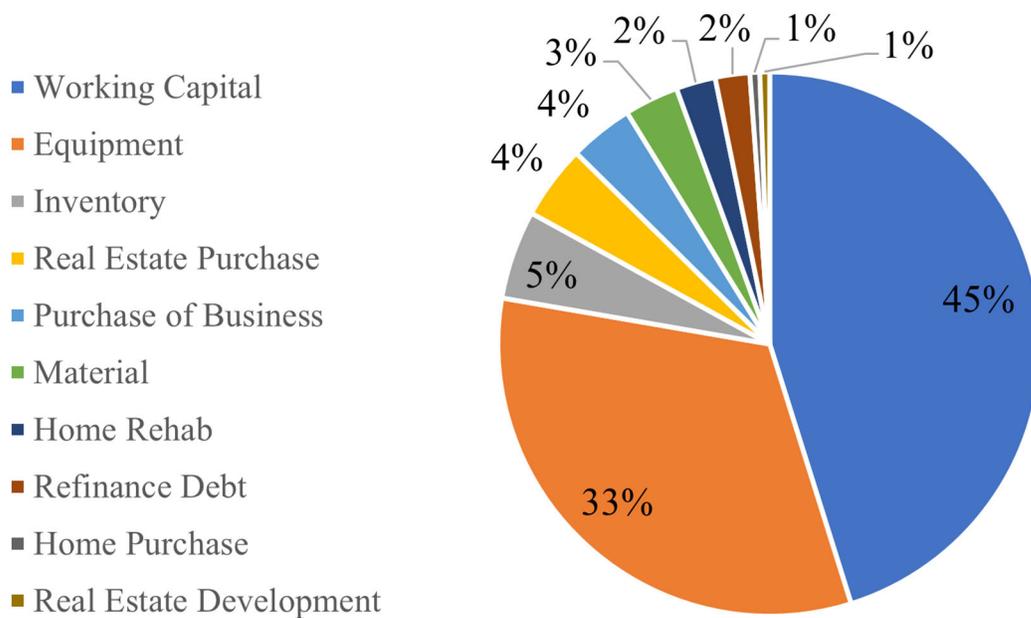
	<u># Loans</u>	<u>% Loans</u>
African American	26	30%
American Indian	1	1%
Latino / Hispanic	6	7%
Asian	1	1%
White	51	58%
Other	3	3%

## The FORGE Loan Portfolio: An Overview

At the end of FY 2020, the total loan portfolio includes 341 individual loans valued at \$6,133,713.92.

The default rate is 0.84%.





<u>Loan Fund</u>	<u># Loans</u>	<u>Outstanding Loan Balance</u>
General Credit Fund	52	\$1,205,770.78
COVID-19 Rapid Response Fund	25	\$169,212.36
US Department of the Treasury	15	\$438,796.48
US Small Business Administration	211	\$3,520,675.58
US Economic Development Administration	5	\$194,702.88
US Department of Agriculture	33	\$604,55.84

## **Taking Action During COVID-19**

### **Rapid Response Emergency Relief**

In April 2020, FORGE deployed \$169,300.00 in emergency, low-interest loans during the early stages of the COVID-19 pandemic and subsequent economic shutdown. Twenty-five FORGE borrowers received an average loan of \$7,500.00.

<u>Region Name</u>	<u># Loans</u>	<u>Race / Ethnicity</u>	<u># Loans</u>
Central Ark	17	African American	14
Eastern Ark	1	Latino / Hispanic	1
Northwest Ark	5	White	9
Southern Ark	1	Other	1
Western Ark	1		

<u>Social / Economic</u>	<u># Loans</u>	<u>Gender</u>	<u># Loans</u>
Rural	13	Women	9
Urban	12	Men	16
Veteran	3		

These emergency loans were made possible by grants to FORGE provided by the Winthrop Rockefeller Foundation (\$100,000.00) and the Arkansas Community Foundation (\$75,000.00).

### **Small Business Administration CARES Act Microloan Payment Relief**

Beginning in April 2020 and continuing through September 2020, FORGE's SBA Microloan Borrowers experienced payment relief via the CARES Act. As of September 30, 2020, 183 SBA borrowers received a total of \$488,599.89 in payment relief. The CARES Act will continue making loan payments for loans closed after April 2020, until a total of six payments per loan have been made.

## FORGE & ReMix Ideas of Little Rock Continue Partnership in Central Arkansas

FY2020 was a very busy and successful year for FORGE, Inc. and ReMix Ideas of Little Rock. Together we continued to make an impact in Central Arkansas.

- The ReMix Ideas Business Academy (RIBA) held two sessions in FY2020, a Spring and a Fall session. The Business Academy is a novel, custom-designed program intended to teach local entrepreneurs how to develop and test ideas in the marketplace on the way to establishing sustainable small businesses. During the Academy, participants learn about concepts and tools such as the Lean Canvas, value propositions, customer acquisition, pricing strategies, marketing, and financing. The Academy focuses on engaged, experiential learning, with exercises such as business simulations, discussions, and case studies to reinforce the key concepts from each class session.

	<u>Fall 2019</u>	<u>Spring 2020</u>	<u>Total</u>
Female Students	11	10	21
Male Students	5	4	9
Low Income	16	14	30
Hours of Instruction	160	115	275

- FORGE and ReMix partnered to issue ten (10) \$500.00 Opportunity Grants to entrepreneurs in Central Arkansas to help them “pivot” their business models in the face of COVID-19. Each Opportunity Grant Recipient was required to submit a written proposal detailing the intended use of the grant funds.

Number of Grant Recipients	10
Number of Women	8
Number of Men	2
Number of Low-to-Moderate Income Recipients	7

Location Cities: Little Rock / North Little Rock / Conway / Maumelle / Alexander

- FORGE sponsored Shop Black LIVE (SBL), an online marketplace showcasing and selling Black-owned products, and every week SBL hosts a QVC-type virtual platform on Facebook live where it features Black-owned businesses, for free. FORGE sponsored SBL with \$5,000.00



### **BENITO LUBAZIBWA, Founder of ReMix Ideas**

Benito Lubazibwa is an advocate for upward economic mobility and intergenerational wealth through entrepreneurship. He was recently honored by the Center on Community Philanthropy at the Clinton School of Public Service with the 2020 Advancing Equity Award. ([www.remixideas.com](http://www.remixideas.com)).

## **FORGE hires Philip Adams as Executive Director**



Philip Adams has served as the Executive Director of FORGE since March 2020 after having joined the staff in 2019 as the Northwest Arkansas Regional Director.

Previously, he served as the Director of Arkansas PROMISE, a five-year, \$35 million federal grant to the University of Arkansas and the Arkansas Department of Education. In 2018, Adams was honored by the Association on Higher Education and Disability for his work to promote social justice for people with disabilities in their communities.

Adams formerly worked as an organic farmer in Nashville, TN and as special assistant for agency and legislative affairs in Arkansas Governor Mike Beebe's office. He earned a bachelor's degree in Spanish from Hendrix College in Conway, Arkansas, and lives with his two children in Springdale, AR.

## **Invest in FORGE**

FORGE makes loans that change lives and strengthen communities. As a 501(c) 3 nonprofit, your support is critical to our long-term success. There are several ways you can support FORGE, including:

- Make a tax-deductible gift to FORGE to support small businesses loans.
- Become a FORGE investor and earn a quarterly return while making a social impact for local economic development.
- Make a planned gift to FORGE and enjoy significant tax savings while supporting a cause that is meaningful to you. Your gift will help us carry out the mission of FORGE for years to come.

For more information, please contact:

Philip Adams, Executive Director and/or your financial advisor.



## Financial Position

October 1, 2019 to September 30, 2020

### Income

Interest Income	\$	391,435
SBA Technical Assistance Grant	\$	407,668
Arkansas Community Foundation Grant	\$	75,000
Winthrop Rockefeller Foundation Grant	\$	100,000
Economic Development Administration Grant	\$	50,000
Other Income	\$	(2,245)
<b>Total Income</b>	<b>\$</b>	<b>1,021,857</b>

### Expenses

Payroll	\$	437,684
Loan Program	\$	66,145
Administrative Expenses	\$	221,271
Interest Expenses	\$	46,027
Other Expenses	\$	11,085
<b>Total Expenses</b>	<b>\$</b>	<b>782,212</b>

Change in net assets (net revenue) \$ 239,645.54

### Assets

Cash and Cash Equivalents	\$	2,673,017
Loan Portfolio	\$	6,094,549
Accrued Interest	\$	24,000
Receivables	\$	148,649
Fixed Assets	\$	243,073
<b>Total Assets</b>	<b>\$</b>	<b>9,183,289</b>

### Liabilities & Net Assets

Liabilities	\$	6,183,764
Net Assets (Equity)	\$	2,999,526
<b>Total Liabilities &amp; Net Assets</b>	<b>\$</b>	<b>9,183,289</b>

Total Loans in Portfolio		341
Average loan size	\$	17,873
Number of investors		64
YTD Charge Offs	\$	2,946

Committed funds available for the loan pool that are not included in the financial statements:

**\$135,338**

ADFA Loan Loss Reserve

*Audited Financial Statements from FY2019 are available upon request*