

foundation
for **b**usiness
equity

2021

ANNUAL
REPORT



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GLYNN LLOYD

EXECUTIVE DIRECTOR



A Letter From Our Executive Director

When you work toward continuous product excellence and an exceptional user experience, the goal is that growth and capital attraction will follow. In this 2021 annual report, you'll get a glimpse of our intense commitment to program improvement and our impact on Black and Latinx entrepreneurs.

While 2021 proved to be another challenging year as businesses continued to feel the lingering effects of COVID-19, we are proud to share how the Business Equity Initiative (BEI) continued to adapt and improve, while the Foundation for Business Equity (FBE) pushed to continually strengthen the ecosystem to provide resources for underserved small business owners.

At a glance, FBE advocated to secure and equitably distribute record breaking funding to Massachusetts businesses, entered into a management services agreement with Mill Cities Community Investments (MCCI) to provide even greater capital resources, and worked to ensure enrolled small businesses continue to survive and thrive through the BEI.

We can't help but be proud of our small business owners. They've worked tirelessly to reimagine their businesses to move beyond the catastrophic impacts of the pandemic, get back to baseline, and restart to grow and scale. They are advocates, thought leaders, and employers - hiring and striving to close the wealth gap.

Many thanks to our funders, partners, and supporters for your continued encouragement, dedication and commitment. This work would not be possible without our community of doers continuously breaking barriers.



Glynn Lloyd
Executive Director

OUR MISSION

Our MISSION is to build collaborative ecosystems and programs that dismantle structural barriers. Our HOW is providing access to critical growth tools including capital, expanded networks, and markets. Our GOAL is to grow revenues, create good jobs, and build wealth for Black and Latinx communities.

FBE IN ACTION

The Foundation for Business Equity EXISTS so that Black and Latinx entrepreneurs reach their full growth potential. We believe in supporting entrepreneurs, growing businesses, and creating opportunity. We are change makers, advocates, thought leaders, and industry shifters. Here's how we stay true to our values:

DEEP TRUSTING RELATIONSHIPS

We recognize the importance of connection and its ability to fuel impact. We foster deep relationships with our entrepreneurs, partners, and the community. When trust is built, all the possibilities are unleashed.

STRATEGIC PLANNING

We cannot overemphasize the importance of starting with a smart strategy. We work with each business to develop a customized growth plan with their advisors and then back it up with the critical business tools. We offer high-touch, high-intensity wrap-around advice.

TOOLS TO THRIVE

We offer a resourced network to help Black and Latinx companies thrive. This includes pairing businesses with embedded Strategic Advisors — former CEOs and C-suite business strategists — and access to growth capital and markets.

FOCUS ON ESTABLISHED BUSINESSES

We understand that no matter the number of years in operation, support is essential every step of the way, and business improvement is an iterative process. For that reason, we help to elevate established businesses to their next stage of growth.

BUILT BY ENTREPRENEURS OF COLOR

We are built, led, managed, and coordinated by entrepreneurs of color who have the lived experience in communities we serve. We think like entrepreneurs. We understand our entrepreneurs.

OUR IMPACT

FBE RESULTS IN 2021

83

Businesses supported
since inception

21

Businesses
supported in 2021

3K+

Advisory hours
provided in 2021

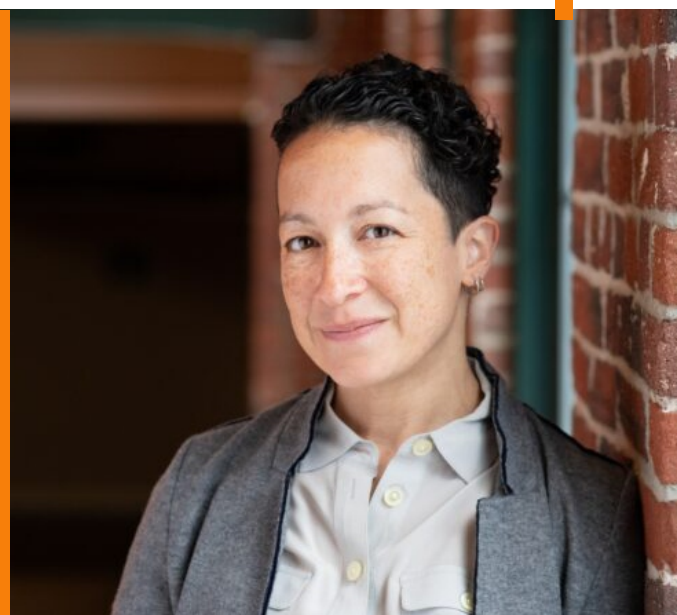
BEI PARTICIPATING ENTERPRISE HIGHLIGHTS FROM 2020 TO 2021

- 15% average employee growth
- 8% average revenue growth
- \$33.4 million in COVID relief funding including Paycheck Protection Program (PPP), Economic Injury Disaster Loan (EIDL), Massachusetts and City of Boston grants, and other sources
- \$5.5 million in capital financing including Mill Cities Community Investments (MCCI), Business Equity Fund (BEF), and other lenders
- \$9.9 million in significant contracts awarded

“

We are forever grateful to the
Foundation for Business
Equity. Your support
TRANSFORMED our business
during the pandemic.”

Hansy Better Barraza,
Principal at Studio Luz Architects and Business Equity
COVID-19 Emergency Fund Participant



ADVOCATING FOR BUSINESSES TO THRIVE

Our vision is to eliminate structural barriers to racial equity, making way for a thriving Black and Latinx business community. We do this through ecosystem building.



BLACK & LATINX BUSINESSES

The power of the ecosystem has the ability to propel businesses forward and allow them to scale for growth. Our goal is to remove the most critical barriers to capital, access, and capacity with the help of our ecosystem partners.

THE COALITION

FOR AN EQUITABLE ECONOMY

A WIN FOR SMALL BUSINESSES OF COLOR | THE COALITION'S IMPACT

FBE is a founding member and on the executive leadership team of the Coalition for an Equitable Economy (CEE). In 2021, FBE's advocacy work continued strongly through the CEE.

A signature effort included partnering with the Commonwealth's Executive Office of Housing and Economic Development where we provided input for the inclusive distribution of federal funds. Our thought leadership around racial equity was instrumental for this project, resulting in an appointment to the oversight board for the distribution of \$75 million through the Sector Specific Relief Grant Program for Massachusetts Businesses.

KEY ACCOMPLISHMENTS

- **Unleashing the Potential of Entrepreneurs of Color in Massachusetts and The Color of the Capital Gap: Increasing Capital Access for Entrepreneurs of Color in Massachusetts Reports:** In partnership with MassInc and the Boston Foundation, the CEE published two action-oriented research reports. Unleashing the Potential of Entrepreneurs of Color in MA is a blueprint for economic growth and equitable recovery. The second report, The Color of the Capital Gap, highlights action items with case studies to remedy the disparities.
- **American Rescue Plan Act (ARPA):** Governor Baker signed the ARPA Bill in December 2021 including \$75 million for small business relief grants. Our thought leadership helped to inform racial equity factors for consideration.
- **State Small Business Credit Initiative (SSBCI):** The Commonwealth's Executive Office of Housing and Economic Development submitted a \$168 million SSBCI funding proposal in December 2021 that included a \$25 million Resiliency Fund focused on business owners of color and a \$30 million Deep Tech Diversity Fund at MassVentures.
- **2021 MA SBA District Director Award:** CEE gained recognition for the work of the MA Equitable Paycheck Protection Program (PPP) Access Initiative and for helping 2100+ business owners with their PPP applications and obtaining \$15 million in funding.

MILL CITIES COMMUNITY INVESTMENTS

WE CONTINUE TO PROGRESS WHILE UNITING UNDER ONE EXECUTIVE DIRECTOR

Mill Cities Community Investments (MCCI) is a leading Community Development Financial Institution (CDFI) and the only Black-led CDFI in the Commonwealth focused on serving low-to-moderate income, underserved, and immigrant populations.

Headquartered in Lawrence, MCCI has historically served key Merrimack Valley cities and towns such as Lawrence, Lowell, and Haverhill while expanding services statewide.

In 2021, MCCI and FBE entered into a management services agreement allowing for an even stronger partnership with Glynn Lloyd assuming the role of Executive Director while continuing to serve as FBE's Executive Director.

With new leadership at the helm, MCCI is increasing the flow of accessible and affordable capital to Black and Latinx businesses across the region. We are confident in our strengthened relationship with MCCI and the merging of our organizations in 2022.

\$3.2M

Million of Funding

Distributed through MCCI to
Business Equity Initiative
Businesses as of December 2021



I humbly assumed the role of MCCI Executive Director in addition to my role as FBE Executive Director. This is an incredible opportunity to combine our organizations' strengths to better serve our businesses, enriching our capital, and advisory services."

- Glynn Lloyd

HENRY P. KENDALL FOUNDATION

A UNIQUE PARTNERSHIP LEVERAGING OUR EXPERTISE AND GRANTS

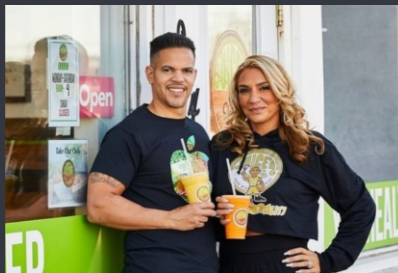
The hospitality and food industries were severely impacted by COVID-19, unfortunately pressuring many businesses to make tough decisions. As a result, many Black and Latinx businesses were forced to close their doors, while those lucky enough to survive faced severe financial strain. Two years later, restaurant owners are still in recovery mode due to factors such as ongoing supply chain issues, staffing shortages, and in-person health risks.

In partnership with the Kendall Foundation, an organization focused on creating a resilient and healthy food system in New England, we leveraged FBE's advisory services with capital provided by the Kendall Foundation to create a customer solution benefitting former Business Equity Initiative (BEI) and Business Equity COVID-19 Fund (BECEF) enrolled businesses in the food sector.

BEI staff worked closely with each business to develop creative solutions to their individual challenges, provided dedicated one-on-one advisors to each business owner, and coupled the operational support with direct grant funding from the Kendall Foundation.

KEY ACCOMPLISHMENTS

- Delivered business services such as screening, hiring, and onboarding new staff members that offset the workload from the restaurant owners. Owners reallocated approximately 15 hours per week during the support period to opening a new restaurant and optimizing their sales and logistics.
Impact: Increased sales by 15% and doubled a staff of 7 to 14 employees.
- Provided funds to develop and execute social media campaigns, purchase new signage, and renovate storefronts to broaden customer base.
Impact: New sales allowed the business owner to continue donating 150 meals per week to Off Their Plate, a non-profit partnering with minority women chefs to cook wholesome meals to individuals in crisis.
- Replaced and upgraded key kitchen components such as high-speed ovens to help reduce customer wait times.
Impact: Improved customer experience and operations contributed to helping the business owners to stay open at a 20% revenue loss compared to the average 36% drop in sales reported in 87% of full-service restaurants by the National Restaurant Association, 2020.



Stacey & Luis Gonsalves, Juice'd Café



Hector & Nivia Piña, Vejigantes Restaurant



Rachel Rochat Cheryl Straughter, Soleil Restaurant

Stacey & Luis Gonsalves, Juice'd Café - BEI Cohort IV Graduate

Located in Fall River and New Bedford, the cafés offer healthy and affordable food options to the community.

Hector & Nivia Piña, Vejigantes Restaurant - BEI Cohort III Graduate

Only sit-down Boston Puerto Rican restaurant in South End's Villa Victoria, a historical Boston community established by Puerto Rican activists in the 1960's.

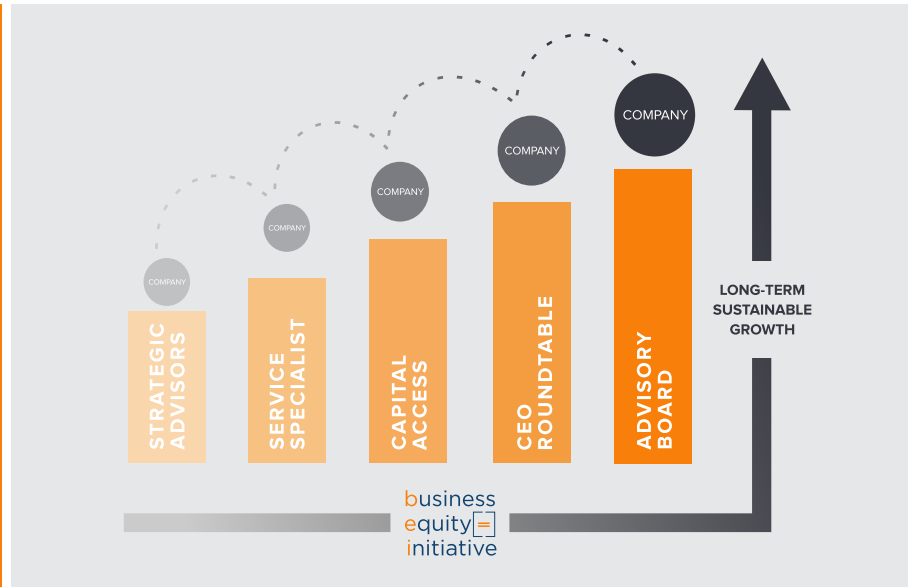
Cheryl Straughter, Soleil Restaurant - Business Equity COVID-19 Emergency Fund Participant

Situated in Roxbury's Nubian Square offering home-cooked southern cuisine.

BUSINESS EQUITY INITIATIVE

SUPPORTING BLACK-AND LATINX-OWNED BUSINESSES IN REACHING THEIR FULL POTENTIAL

Our flagship program, The Business Equity Initiative (BEI), equips Black- and Latinx-owned businesses poised for growth with curated resources, intensive strategic advice, and a network to plan for and drive long-term sustainable growth. Enrolled business owners work with a team of advisors to co-create and execute a targeted strategic growth plan over a 9-month period.



Strategic Advisors:

We match each enrolled business owner with a high-touch advisor. Strategic advisors are consultants that have deep experience as entrepreneurs, investors, strategic management, and are proven executive leaders. Advisors are held to high standards of cultural competence, executional excellence, and drive the implementation initiatives.

Service Specialists: Our Service Specialists are vetted consultants that have been identified to support specific functional needs for enrolled businesses, e.g., sales and marketing, accounting and finance, operations and human resources, etc.

Capital Access:

We have two vehicles that deploy growth capital to enrolled businesses. The first is the Boston Foundation's Business Equity Fund and the second is Mill Cities Community Investments, a community development financial institution (CDFI.) We also collaborate with other lenders, i.e., Liquid Capital Corporation.

Advisory Boards: As enrolled business owners shift to alumni, they are encouraged to establish a high-performing advisory board for continued support after the program. BEI provides funding to help cover the costs of the advisory boards up to 2 years post-graduation in addition to best practices on setting-up boards.

CEO Roundtable:

The CEO Roundtable is a ten-month peer-to-peer facilitated session program offered to enrolled entrepreneurs and alumni. Participants follow a structured approach that encourages relationship building and deal opportunities. Each session includes "deep dives" on issues that CEOs are facing, followed by a round of questions and feedback leveraging other CEO's experiences and networks.

2021 BEI

PARTICIPATING ENTERPRISES

- Anita Kurl Salon
- De La Cruz Real Estate Group
- Elegant Stitches
- Estrella Law Offices
- Gomez & Palumbo, LLC
- InOrder Business Development Solutions
- Lady Dye Yarns
- Law Offices of Talia Barrales
- Matias Capital
- Nurse Care Transportation
- Valley Home Insulation
- Omze Authentic Tequila, Mezcal, & Spirits
- One Gig
- Paragon Global Partners
- Pharmaluxe
- Quaker Lane Capital
- Starz & Cloudz
- Urban Grape

THE BEI EXPERIENCE

Our work at BEI is anchored in the advancement of our enrolled entrepreneurs. We remain bold and steadfast in providing a rich experience to benefit each business. Here's what alumni of the BEI program have to say about their experience as reported by our annual BEI Impact Survey results:

9^{out of} 10

was the average rating for overall experience with the BEI program

100%

of business owners stated that the BEI increased their confidence to achieve their goals and feel supported

100%

of business owners stated that BEI had a positive impact to their company's strategic outlook and approach

81%

of BEI graduates that responded have continued to stay connected and/or work with their BEI Strategic Advisor

“

The breadth and influence of the Business Equity Initiative (BEI) network is extensive and incredible in its capability.”

Carlos Febres-Mazzei

Managing Principal and Founder of Quaker Lane Capital and BEI Cohort 7 Graduate



STRENGTHENING BUSINESSES

IN THE SHADOW OF THE PANDEMIC | IMPACT STORIES



CITY FRESH FOODS | BEI COHORT 4

BLACK-OWNED SUSTAINABLE FOOD SERVICE COMPANY SERVING GREATER BOSTON SINCE 1994

City Fresh Foods has been building sustainable careers for its employees and strengthening the local food system since its inception. They provide homemade meals to 2.5 million people annually, delivering healthy, diverse food to homebound seniors, schools, after-school programs, childcare centers, and adult day centers. In 2019 when growth began to plateau, Sheldon Lloyd – CEO, and his team viewed this as an opportunity to reflect on their long-term goals and vision for the organization.

ACTION:

City Fresh was introduced to their BEI Strategic Advisor, who offered years of experience growing and operating businesses. To gain insight, their advisor spent time interacting with the team and clients served to share new business learnings.

Sheldon and his advisor identified opportunities to create structural growth together, such as creating a formal human resources department and launching an Employee Stock Purchase Plan. These changes allow employees, most of whom are first-generation immigrants, to buy City Fresh stock and become part-owners of the company.

RESULTS:

Heading into 2020, City Fresh saw growth return to its topline. BEI was able to help City Fresh Foods¹ better prepare to meet the unprecedented demand caused by the COVID-19 pandemic while also staying focused on its goals as an employer. At the end of 2021, they had a 71% revenue growth and a 62% job increase from 2019. Additionally, the Employee Stock Purchase Plan (ESPP) launched in 2021.



“The BEI program helped us take a step back and examine our business through an outside perspective, then provided us the resources to navigate and implement a solution. FBE is a strong support system, helping identify growth opportunities no matter what stage your business is in.”

Sheldon Lloyd, Co-Founder and CEO of City Fresh Food

¹City Fresh Foods completed the BEI program June 2020.

STRENGTHENING BUSINESSES

IN THE SHADOW OF THE PANDEMIC | IMPACT STORIES



URBAN GRAPE | BEI COHORT 8 AWARD-WINNING WINE AND SPIRITS RETAILER

Founded in 2010 by TJ and Hadley Douglas, Urban Grape is a wine, craft beer, and spirits retailer located in the South End of Boston. Throughout their years of operation, Urban Grape was able to build a successful business through self-funding. To scale, they recognized that they would need to take on outside funding and advice, leading them to apply for the BEI.

ACTION:

TJ met weekly with his strategic advisor to do a detailed assessment of their current business positioning. With the assessment in mind, they worked to develop a plan allowing TJ to focus on Urban Grape's marketing strategy and growth segments. As a part of the marketing strategy, the team created a job description and successfully identified a recruitment firm to hire a senior level strategic marketing executive.

As for the growth segments, customer segment reports that support the development of tailored products and services were created to highlight their differentiators in the industry. The growth strategy also called for identifying a subject-matter-expert to determine the best location for another brick-and-mortar location.

RESULTS:

BEI provided TJ and Hadley the support and advisory services to run their business more efficiently to drive growth. With the original goal in mind, they have been able to implement their growth plan and continue to raise funds for expansion.



"Going through this program, we are better business owners because we look at it, not in a different way, but in a more in-depth way. We've learned not only about our own business -- but conducting business."

TJ Douglas, Founder and CEO of Urban Grape

STRENGTHENING BUSINESSES

IN THE SHADOW OF THE PANDEMIC | IMPACT STORIES



ELEGANT STITCHES | BEI COHORT 7

FAMILY-OWNED EMBROIDERED APPAREL BUSINESS IN WESTERN MASSACHUSETTS

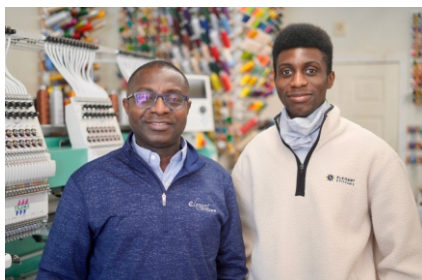
Alfred Enchill, Founder and CEO of Elegant Stitches, started by selling garments at trade shows but found that his embroidered apparel gained more traction. In 1997, pivoting his sales strategy to accommodate the growing demand for embroidery, Alfred created Elegant Stitches in his basement and later brought on his son Auric to help him grow it to where it is now. With 25 years under their belt, Alfred and Auric wanted to jumpstart company growth, leading them to enroll in the BEI. The pair knew that through BEI, they would have access to the right resources, people, and financing.

ACTION:

In addition to being matched with a BEI Strategic Advisor, the Elegant Stitches team was coached by a BEI marketing specialist. The specialist helped the team develop a long-term marketing plan consisting of email marketing, social media campaigns, and seasonal sample products to send to corporate prospects. The marketing strategy is backed by proper software implementation to support these efforts. On the sales front, Al and Auric's BEI Strategic Advisor was able to help them develop sales targets and create strategies to help them hit their targets.

RESULTS:

Elegant Stitches has properly executed their plan, and as a result, has seen nearly 100% growth in sales year over year. Additionally, the father and son duo were able to make two hires adding a full-time administrative assistant to allow them to concentrate on sales and strategy. They are also evaluating the possibility of acquiring another company.



“Our relationship with our BEI Strategic Advisor is much more than just an advisor; he is a close family friend. We call him and he calls us.”

Auric Enchill, Sales Manager, Elegant Stitches

OUR FINANCIALS

REVENUE COLLECTED	2021	2020
Contribution	\$2,349,192	\$3,447,050
CEO Round Table Contribution	\$4,000	\$3,000
Reimbursements from Participating Enterprises	\$66,082	\$176,526
Interest Income	\$197	\$2,019
Total Revenue Collected	\$2,419,471	\$3,628,595
EXPENSES PAID	2021	2020
Program Expenses		
Strategic Advisory Expenses ²	\$458,024	\$1,230,043
Direct Service Specialists	\$59,372	\$139,904
Program Related Staff and Consulting	\$537,867	\$432,051
CEO Round Table Convenings	\$5,800	\$17,273
MA COVID-19 Relief Fund Administration	-	\$148,335
Capital Innovation Project	-	\$26,000
Funder Grant pass through	\$289,994	-
Transformative Development Grant	\$101,000	\$80,531
Miscellaneous Expenses - Program	\$7,468	\$54,925
Total Program Expenses	\$1,459,525	\$2,145,062
Overhead Expenses		
Accounting / Audit / Legal	\$60,716	\$96,141
Advertising and Marketing	\$51,088	\$37,550
Administrative Staff and Consulting	\$501,438	\$502,578
Bank Charges and Fees	\$10,538	\$10,096
Miscellaneous Expense - Overhead	\$17,231	\$22,924
Total Overhead Expenses	\$641,011	\$669,289
Total Expenses Paid	\$2,100,536	\$2,814,351
Increase in Net Assets	\$318,935	\$814,244
Unrestricted Net Assets at the Beginning of the Year	\$1,203,279	\$389,035
Unrestricted Net Assets at the End of Period	\$1,522,214	\$1,203,279

²In 2020, the increase in businesses requiring support and the Business Equity COVID-19 Relief Fund resulted in an increase of strategic advisory hours and hence, an increase in expenses to provide the critical support needed. In 2021, the number of businesses supported decreased back to pre-pandemic numbers for advisory hours and FBE also focused on optimizing our programming to improve cost efficiencies.

THANK YOU

TO OUR 2021 FUNDERS



JPMORGAN CHASE & CO.



Glynn Lloyd
EXECUTIVE DIRECTOR



Tameka Moss
ADVISORY SERVICES LEAD

OUR PEOPLE



Diana Ubiñas
PROGRAM MANAGER



Katiria Adorno
FOUNDATION ADMINISTRATOR

OUR BOARD AND ADVISORY COMMITTEE

AS OF 2021³



Larry Andrews

President and CEO
Mass Growth Capital Corp



Zamawa Arenas

Founder & CEO
Flowetik



Celena Barrios

Chief of Equity and Inclusion
City of Boston



Sheena Collier

Founder and CEO
The Collier Connection



James Fitzgerald

CFO & CAO
Eastern Bank



Ana Hammock

SVP of Lending
Ascendus



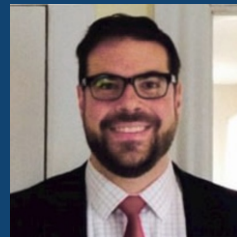
Kathleen Henry

EVP, General Counsel &
CHRO, Eastern Bank



James Jennings

Professor Emeritus
Tufts University



Noah Koretz

Director of Transformative
Development
MassDevelopment



Antonio Lopez

Senior Shareholder
LCW CPAs Inc.



Quincy Miller

Vice Chair and President
Eastern Bank



Anthony Richards

Vice President
MassHousing



Bob Rivers

Chair and CEO
Eastern Bank



Jabes Rojas

Assistant GM
on DEI, MBTA



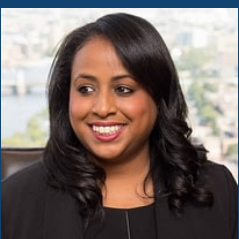
Greg Shell

Managing Director
Bain Capital
Double Impact



Nancy Stager

President & Chief
ED Eastern Bank
Foundation



Saron Tesfalul

Principal
Bain Capital



Natalia Urtubey

Director of
Small Business
City of Boston



Michelle Volpe

President
Blue Hub, Loan Fund



Orlando Watkins

Vice President
The Boston Foundation

³FBE legally merged with MCCI at the end of September 2022 and is now governed by a newly formed, diverse, and representative joint board.

foundation
for business
equity

