

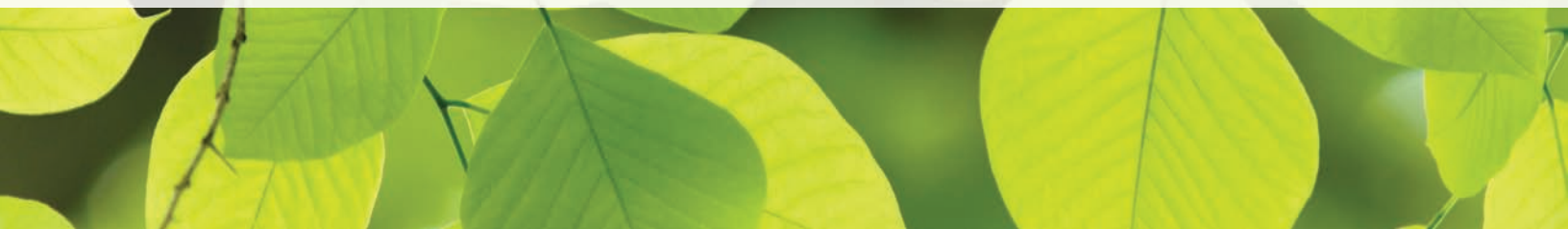


HFLA

OF NORTHEAST OHIO



2018 ANNUAL REPORT



Live like a tree, giving, forgiving and free.

- DEBASISH MRIDHA, M.D.



HFLA of Northeast Ohio's founders Charles Ettinger and Morris Black believed – as we do now – that if you give someone a chance to succeed, they will pay it back and we can continue this transformative cycle.

Over the past 114 years of providing interest-free loans, the association has increased its lending capital in thanks to the kindness of individual gifts, bequests, endowments, foundation grants, memorials and honorariums. Our modest operation expenses are covered by dues and contributions.

The following pages are a testament to the power of giving. Recipients of an HFLA loan are empowered to rise up and endow the future of our community, and the rich tapestry of individuals of which it is made.

ADVOCATES FOR ADVANCEMENT

Reflections from our Executive Director



The tears of joy on a person's face when they hear HFLA can help them with an interest-free loan and the knowledge that they are in essence now able to help themselves is incredibly powerful. As supporters, we know you understand the significance this has on an individual, family or business empowered to help themselves. They are not asking for charity they are asking for opportunity. They know when they repay the loan we will be able to help the next person in similar situations.

After 12 years with HFLA you would think that I would get used to this – but it brings me joy each and every loan we make, every hug we get, every thank you note. When one of our borrowers becomes a donor, it is the ultimate return on the investment.

In 2018, we tripled the number of business loans executed compared to 2017. This increase in business loans has not only supported local entrepreneurs in their ventures, it has brought more jobs and boosted Northeast Ohio's economy.

Growth in our staff has allowed for a greater depth to our loan and development capabilities. Our newly implemented credit reporting program is establishing and repairing credit for our borrowers and cultivating growth in Northeast Ohio.

As advocates for our borrowers, HFLA played an influential part in the leadership of the Ohio Payday Lending Reform Coalition. Giving testimony both in the House and Senate, HFLA's presence oversaw legislation passed that will benefit our borrowers – bringing continued success to our initiatives.

We are incredibly grateful for this year of growth, and extend sincere gratitude to our donors and grantors for making each of our successes possible.

MICHAL MARCUS, EXECUTIVE DIRECTOR

VISIBLE AND VIABLE SOLUTIONS

SMALL BUSINESS LOANS

Challenge

According to a recent survey by The BalanceSMB:

OVER 10,000
BUSINESS LOAN APPLICANTS IN THE U.S.
82%
WERE DENIED FINANCING BY THEIR BANK.

*When they are financed, they often pay high interest rates.**

Solutions

HFLA provides interest-free loans to small businesses. We collaborate with partners, such as Economic Community Development Institute (ECDI) and Mahoning Valley Economic Development Corporation (MVEDC). Their referrals and ability to pre-assess the loans have helped raise the number of small business loans.

Outcome

120%
INCREASE IN SMALL BUSINESS LOANS
OVER 2017.

WE HAVE FUNDED
11 BUSINESSES THIS YEAR AT
\$101,572

PAYDAY LOAN RELIEF

Challenge

We received calls from people in Northeast Ohio who took out multiple payday loans. Callers would take one payday loan out to pay another continuing a cycle of crushing debt. Their other bills would fall behind with no idea of how to get back on track.

THE AVERAGE INTEREST RATE OF
A PAYDAY LOAN IN OHIO WAS

591%

THE FIRST NINE MONTHS OF 2018,
WE LOANED OUT

\$40,683

Helping people out of predatory loans.

Solutions

Pew Charitable Trust approached HFLA to be one of the leaders in the Ohio Coalition for Payday Lending Reform. We worked to regulate the laws in order to protect consumers. Meetings with legislatures, giving testimony in front of the House and Senate. Michal Marcus, HFLA Executive Director, became a subject matter expert on the devastation and harm these lending practices have had on Northeast Ohioans.

Outcome

After a year and a half of hard work, on July 10, 2018 the Senate approved House Bill 123. On July 30, 2018 the governor of Ohio signed it into law.

THIS NEW LAW WILL DRASTICALLY
IMPROVE PROTECTION FOR OHIO
CONSUMERS AND SAVE THEM

\$75 MILLION A YEAR

The law goes into effect October 2018.

CREDIT REPORTING

Challenge

Many HFLA borrowers have poor credit, preventing them from being able to access traditional lending sources. We needed a method that would increase their credit and help them become **BANKABLE**.

Solutions

In January, we gained approval to report payments to all three major credit bureaus.

Outcome

ONE BORROWER SHARED THAT
HIS SCORE IMPROVED BY FORTY
POINTS AND PLACED HIM INTO THE
"GOOD" CREDIT CATEGORY OF A
690 – 720 SCORE.

By reporting credit, we put our borrowers on the path to accessing traditional financial tools. This is true empowerment.

** Source: thebalancesmb.com*

PERSERVERANCE PERSONIFIED

Our Mission | Our Borrowers | Our City

After 114 years, HFLA is accustomed to seeing small loans grow into big success. But our normal is nothing that we – or our borrowers – take for granted.

Jeremy Umansky dreamed of becoming a great chef and had the work ethic to make it happen. He came to us years ago asking for a student loan to attend The Culinary School of America, and we were there to support his journey. Many years later, he returned to Cleveland to make his dream come true by opening a restaurant in Hingetown, *Larder Delicatessen and Bakery*. The small investment we made in Jeremy many years ago carved the path for him to start his own restaurant right here in Northeast Ohio, employing many in the area.



I got accepted into the Culinary Institute of America, the best culinary school in the country. When it came time to go, there was no money. Somebody recommended I contact HFLA. My family and I did, and I was able to get a loan that covered my books and kitchen knives – which I still have, all things I use on a daily basis. HFLA was this beacon of hope that without them, I would not have been able to fulfill my dreams.

JEREMY UMANSKY, *LARDER DELICATESSEN AND BAKERY*

THE SMALL \$501 INVESTMENT THAT TOOK PLACE 114 YEARS AGO TO START HFLA OF NORTHEAST OHIO HAS RETURNED EXPONENTIALLY OVER 25,000 TIMES.



There are thousands of other HFLA borrowers who you might not know have been just as impacted by our belief in them. When we help someone go to college, repair a car to provide transportation to work, or launch a neighborhood business, we plant a seed in our community. The small \$501 investment that took place 114 years ago to start HFLA of Northeast Ohio has returned exponentially over 25,000 times.

While our impact is immense, we have quietly gone about our business of nurturing members of our community for the past century. This year, we look to tell our story in new ways – to prepare for the next chapter.

BLESSINGS BESTOWED

Testaments to the Power of Giving



LAURA PAJESTKA, OWNER, MJP TRUCKING

HFLA met Laura Pajestka, proprietor of MJP Trucking, at an Uptown Business Association event. The proud proprietor of the only Hispanic female-owned trucking business in Northeast Ohio faced a financial challenge when one of her trucks was damaged in an accident. By granting her an interest-free loan, HFLA was able to help MJP Trucking remain in business when conventional lending was not available.

"Last summer, 2017, we were working on a big project and had a non-fault accident that affected our business and set us back. For the past year while searching for funding, I heard a lot no's, so when I heard "yes" it was a blessing. They believed in me. A small business loan from HFLA could be the difference between keeping your business alive and going out of business."

BRIAN AND ANGELICA CASILLAS

Brian Casillas received an education loan with HFLA to attend barber school. After repaying this loan off he is successfully employed as a barber. Having established a relationship with HFLA – Brian and his wife, Angelica, turned to us with a stressful financial situation they had been dealing with for a long time. A car they had purchased in 2013 turned out to be a lemon, causing them to do a voluntary repossession of the car in early 2015. However, they still owed money on the car. They were paying high interest on a loan for a car they no longer had, they needed money to pay off the debt which would help their credit and allow them to focus on other bills. HFLA's loan enabled this young couple to improve their credit and get out of a difficult situation.

"We've been able to use HFLA twice and we are so glad that we found HFLA when Brian was looking for a student loan. The people at HFLA are so nice and helpful." says Angelica. "They are invested in you. It's as if they are riding along with you on your journey towards achieving your goals. The Casillas family will always be thankful for the generosity of HFLA."



MOHAN KANTAMANENI

Mohan came to the U.S. from India for graduate school to attend Case Western Reserve University's Weatherhead School of Management in 2016. As a foreign student he was not eligible for financial aid. The lump sum payment for school proved to be a real challenge. Mohan heard about HFLA through a friend and previous loan recipient. He was able to refill his loan for his second year. Now an MBA graduate, Mohan is starting a new job in his field.

"I first spoke with Katy at HFLA. She was really helpful. She was patient enough to answer my questions and help me get the requisite documents. I felt very relieved after securing this loan because it was in the middle of my first year at school and I wasn't able to work much. HFLA offered me much needed assistance at a critical time that helped me pursue my dream."



LAURA MALONE, DONOR

"Everybody needs help now and again. Everybody has times where, through circumstances beyond their control, they struggle. It's just good to know that there's a place like HFLA that is willing and able to do more to be able to help these people know they are not alone in their struggle and to give them the opportunity that some other people may not be willing to give. HFLA gives people a chance to fight their way out of their struggle with a little bit of help."

It's just good to know that there's a place like HFLA that is willing and able to do more to be able to help these people know they are not alone in their struggle.





HFLA has increased lending capacity through new loan funds created by foundations and community members that realize the powerful impact an interest-free loan can make.

IN 2018, THE FOLLOWING FUNDS WERE ESTABLISHED

Burton D. Morgan Foundation
Small Business Loan Fund



Treumart Fund
for City of Cleveland Young Adults pursuing higher education



Mt. Sinai Foundation Fund
for healthcare related expenses and the pursuit of healthcare education



The Max A. Ratner Loan Fund



Third Federal Loan Fund
for the neighborhood of Slavic Village



Anonymous Loan Fund
for promoting Jewish identity through Israel related experience and sleepaway camp

HFLA LOAN DATA

– as of October 10, 2018 –

251

CURRENT ACTIVE LOANS IN NORTHEAST OHIO

\$851,422

24 Business Loans \$143,078

119 Education Loans \$398,869

108 Standard Loans \$309,475

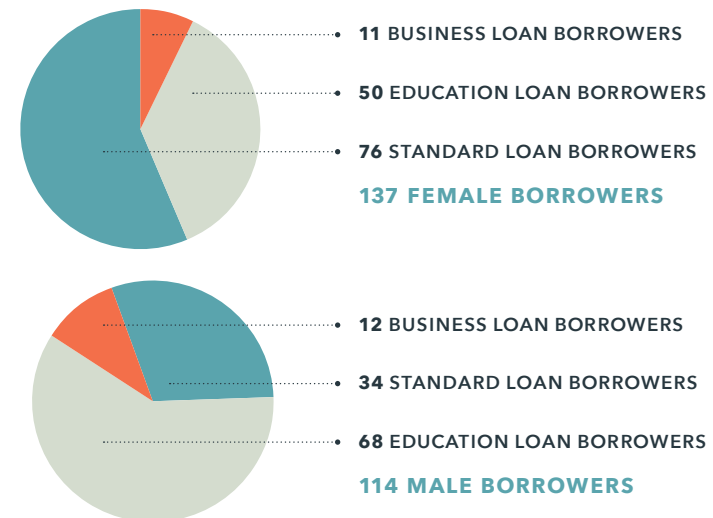
75 LOANS IN CLEVELAND PROPER

7 LOANS IN EAST CLEVELAND

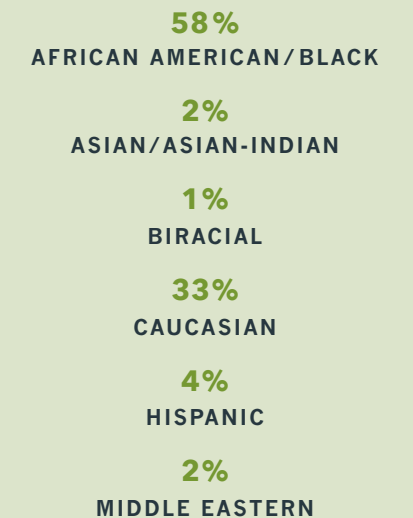
\$275,453

TOTAL LOAN AMOUNT IN THE CITY OF CLEVELAND

BREAKDOWN OF BORROWERS BY GENDER



THE DIVERSITY OF GIVING TO ALL ACTIVE BORROWERS



56%

of HFLA standard loans go to residents of low to moderate income (LMI) census tracts

NEIGHBORHOOD LOAN FUNDS

SLAVIC VILLAGE FUND

- 3 loans have been made in Slavic Village for a total of \$15,500
- Currently there are 3 active loans – \$15,000

MT. PLEASANT FUND

- 11 loans have been made in the neighborhood for a total of \$53,327
- 2 loans have been paid off
- Currently there are 9 active loans – \$32,818

BUCKEYE - FAIRFAX FUND

- 11 loans have been made for a total of \$61,215
- 3 loans have been paid off in full
- Currently there are 8 active loans – \$33,848

LOANS TO SINGLE PARENTS

WE HAVE MADE 84 LOANS TO SINGLE PARENT FAMILIES

- HFLA is helping 41 single parent families finance their higher education loans – \$155,000
- 5 of our business loans (\$36,817) were made to single mothers
- 38 standard loans (\$97,864) were made to single parents
- 98% of these single parents are women of color

ANATOMY OF AN HFLA LOAN

1

A person applies for a loan with HFLA.

2

Loans require a guarantor or co-signer:

- A. Student loans require a co-signer
- B. Standard loans require a guarantor
- C. Business loans – the owner is considered the guarantor

3

If the loan looks viable, HFLA brings the applicant in for a loan committee which consists of 3-4 board members.

4

The applicant is notified whether or not the loan has been approved. The borrower will then execute the paperwork and receive their check.

5

The borrower makes set monthly payments for the term of the loan.



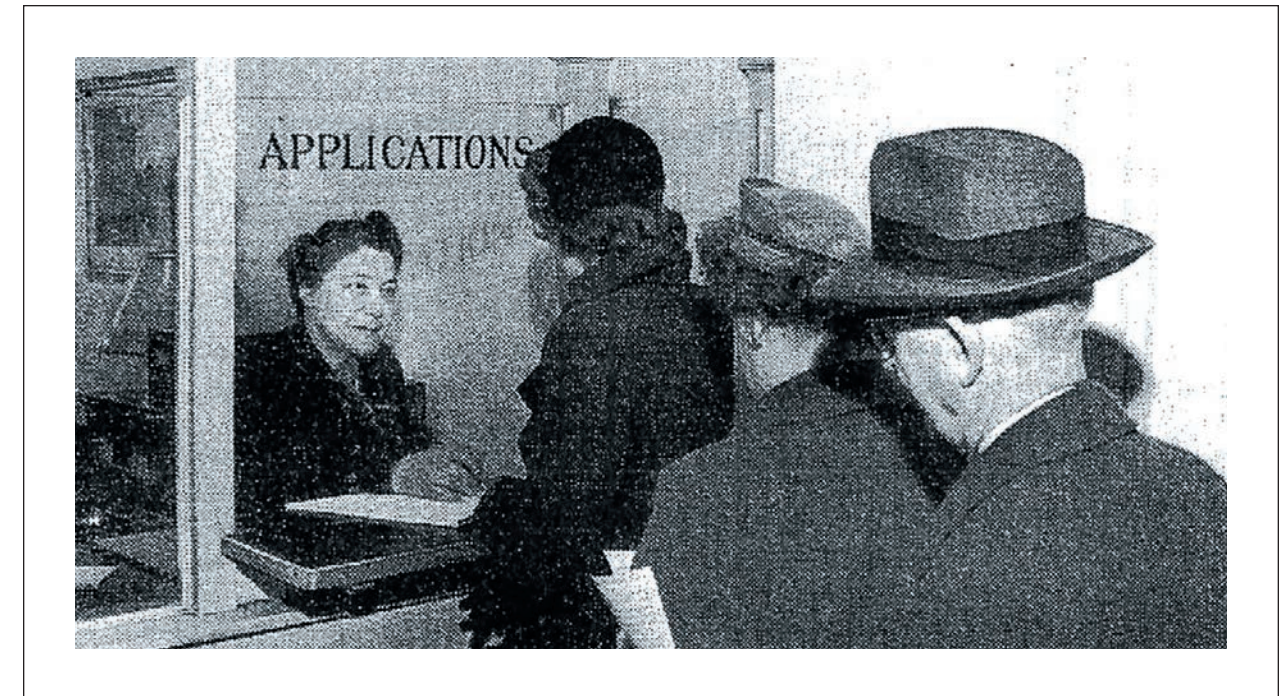
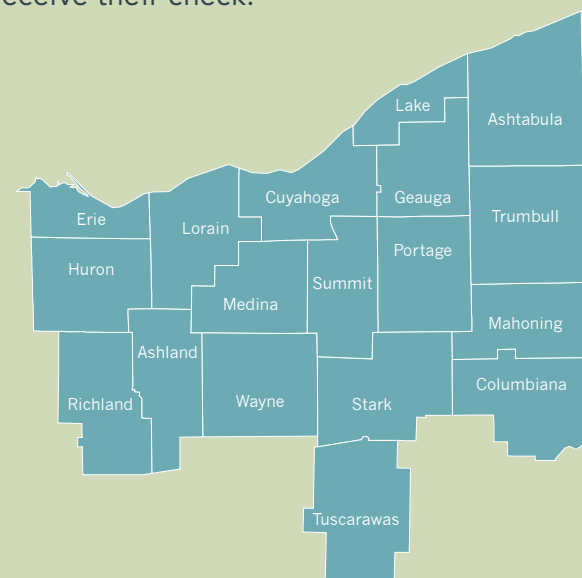
6

Those payments go back into HFLA's loan fund.

7

The money paid back is lent out to the next person in need.

HFLA's philanthropic reach spans the counties of Northeast Ohio – providing an investment in a future of the people and the communities of which it serves.



A LEGACY OF KINDNESS LENT

HFLA of Northeast Ohio has been a community resource since 1904. We are grateful to remain in the business of planting seeds and growing communities for 114 years.

HFLA began with Charles Ettinger, Morris Black, and others who saw the need of providing interest-free loans to the growing immigrant community. They pulled together \$501 of their own money to help European Refugees settle in America and lead productive lives. 114 years later the need for non-sectarian interest-free lending remains relevant.

Today, HFLA continues to make a large impact in Northeast Ohio through education, personal and small business loans. The organization is set up as a revolving loan fund; money that is paid back monthly is then lent out to other people in the community – recycling dollars in the community, multiplying the impact of each donation tenfold in less than a generation.

LEADING THE PATH TO PROGRESS

LEADERSHIP

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President

Michal Marcus
Executive Director

Laura Kleinman
Executive Vice President

Bruce Fallick
Roslyn Quarto
Vice President

Debra Shaw
Secretary

Marla Petti
Treasurer

David Edelman
Immediate Past President

CONTENT & DESIGN
shark&minnow

PRINTING DONATION
Consolidated Solutions

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Karin McKenna

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LAURA KLEINMAN
VICE PRESIDENT OF SERVICES
UNIVERSITY CIRCLE INC.

HFLA offers a solution to help people get out from under a difficult situation and not only do our loans help these individuals directly, they indirectly help the families, extended families, and ultimately the community. There's a ripple effect that cannot be understated.

BOARD OF DIRECTORS

Zeev Friedman

Lorie Gelb

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Eric Kaston

Scott Lewis

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Brian Rosenfelt

Debby Rosenthal

Dara Steinberg

Christine Weiss

LIFE MEMBERS

Naomi Adler *

Joseph Babin

Keith Belkin

Bert Chernin *

Lewis Frauenthal *

Phylis Gary

Leonard Senkfor

Peggy Wasserstrom

** of blessed memory*



LISA ARLYN LOWE
PARTNER, BUCKLEY KING

We often hear from children and grandchildren who say, "if it wasn't for HFLA, my father wouldn't have been able to go to dental school, or my mother wouldn't have been able to take that job...." Every loan committee is filled with stories like that. Granting individuals loans, watching them pay it back so HFLA can "pay it forward" makes it so fulfilling to be part of an organization that has an impact on generations to come.