



HFLA
OF NORTHEAST OHIO

2019 ANNUAL REPORT



Since 1904, HFLA of Northeast Ohio has been a source of care and resource for our community. We're grateful that we've been able to plant small business seeds and aid others in an effort to restore their own livelihoods, while growing our community over the past 115 years.



HFLA began when Charles Ettinger, Morris Black and a few good friends recognized the growing needs of the budding immigrant community in Northeast Ohio and chose to take action. From their own pockets, they collected \$501 to assist European refugees as they settled in America and started the journey toward productive lives in their new country – ultimately, aiming to become a part of the vibrancy in our neighborhoods.

The goal of these interest-free loans was to act as a hand-up, and, often, the recipients of the loans purchased pushcarts and horses to start their own businesses. Today, 115 years later, the need for non-sectarian interest-free lending remains equally pertinent.

Presently, HFLA continues to make a large impact on Northeast Ohio by empowering community members through education, standard and small business loans. HFLA operates through a revolving loan fund, meaning that money paid back monthly is then lent out to others in the community – recycling dollars in the community and multiplying the impact of each donation tenfold in less than a generation.





IF YOU LEND MONEY
TO MY PEOPLE, TO THE POOR AMONG YOU,
DO NOT ACT TOWARD THEM AS A CREDITOR –
EXACT NO INTEREST FROM THEM.

Exodus 23:24

VICTORIES SHARED

Reflections from our Executive Director



In my 13 years at HFLA, I have witnessed the organization's transition from a well-kept secret to an entity recognized for the critical work we do throughout the region. We have tripled the amount of interest-free loans in our Northeast Ohio community, formed invaluable partnerships and quadrupled the number of staff to better support our borrowers.

Throughout 2019, we watched – heartbroken – as Americans were faced with new insurmountable challenges. From furloughed government workers to families on the brink of deportation, as an organization, we have witnessed countless situations of need.

I am proud to say that our board and staff members did more than watch – when the time of need came, we rose to the occasion for our clients. A growing staff and generous donors continued to help us be a blessing to the lives of residents and business owners in Northeast Ohio.

One of the most compelling stories we witnessed in 2019 was Tiffany, a mother of two, battling breast cancer who you'll read about later in this report. Her heart-wrenching situation is the very pinnacle and example of why HFLA has been in operation for 115 years.

We recognize that – not only must we meet the present and immediate needs of our clients – we must work to make systemic changes that are unfairly targeting individuals with low to moderate income.

In this same spirit, as a result of HFLA's leadership among the Ohio Coalition for Payday Lending Reform, House Bill 123 was passed. And, as of April 2019, Ohio residents will no longer be subject to the unfair predatory lending practices of Payday Lenders.

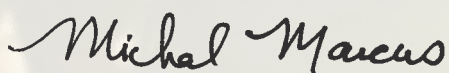
Now more than ever, it is imperative that we grow our capacity for providing interest-free lending in our community.

In 2018, we added credit reporting to our interest-free loan services. As a result, we are now reporting credit on 53% of our loan recipients. This has helped clients see a 20-60 point increase in their credit score, moving them towards utilizing traditional financial resources which were previously unavailable to them.

The stories detailed in this report provide a fuller picture of the ways HFLA continually rises to the occasion whenever someone is in need.

Now more than ever, it is imperative that we grow our capacity for providing interest-free lending in our community – the need is great. Year-over-year, we increased the quantity of interest-free loans deployed by 40 percent.

Our victories are shared – please know that HFLA would not be able to succeed without your support. We feel blessed to have generous supporters that understand the impact that interest-free loans have on our community through empowering and equipping people with resources to help themselves.



MICHAL MARCUS
EXECUTIVE DIRECTOR, HFLA



RISING TO THE OCCASION

When a sense of peace is lost, with us hope is found.
These passages demonstrate the lifelines provided by HFLA daily.

HALF MOON BAKERY

Lyz Otero & Gerson Velasquez came to HFLA in 2018 seeking an interest-free loan to open a storefront for their empanada bakery, *Half Moon Bakery*. After receiving an interest-free loan, an unfortunate series of events prevented them from opening their business and, ultimately almost losing everything.

A hired contractor stole \$8,000 worth of essential equipment and wrongfully reported Gerson, the primary income earner for his family of five, to Immigration Crime Engagement (ICE). This injustice caused further delays for the business and cost the family thousands in legal fees.

Thankfully, HFLA was there to make sure that all was not lost – especially their family’s dream of opening the bakery. By dispensing an additional loan to cover construction overruns and partnering with numerous nonprofits dedicated to serving the Latinx community, a web of support was created for the family throughout their difficult time.

Gerson has since returned to the US and *Half Moon Bakery* is on its way to completion. We look forward to witnessing the family bring the American dream to fruition. 🌾



TIFFANY

Tiffany, a 36-year-old mother of two, recently received the news that no mother wants to hear. Her diagnosis confirmed that she had breast cancer. At the time of that diagnosis, she felt the hopes and dreams she had for her family were slipping away. She was living in a lease purchase home in Slavic Village Green Homes and hoped to own the home one day.

That goal was almost, suddenly, brought to a halt because she was not able to work for 8-10 weeks while she was recovering from her double mastectomy. HFLA was able to provide Tiffany with a loan to alleviate some of the stress that she was facing, so that she could focus on what mattered: **recovering.** 𐄂

FURLOUGHED WORKERS At the turn of the year, federal workers in our community waited helplessly for the government to reopen. HFLA went to work, looking for ways to assist these hard-working residents in their time of need. For some, a month or two without a paycheck may seem like a short time period, but missed payments on home or car notes are often the precursor to destroyed credit. To assist these workers, an expedited loan process was enacted. While a typical loan time period takes 10-14 days, the process for furloughed federal workers was reduced to 24 hours, allowing our loan recipients to receive necessary funds and avoid long-term financial consequences associated with multiple delinquencies. 𐄂

ONE MUST KNOW NOT JUST HOW TO ACCEPT A GIFT –
**BUT WITH WHAT
GRACE
TO SHARE IT.**

Maya Angelou

THE REASON WE GIVE

The mission of HFLA of Northeast Ohio is to provide interest-free loans to address the financial challenges faced by residents of Northeast Ohio who lack access to traditional lending sources.



Hebrew Free Loan Association (HFLA) of Northeast Ohio has been a lifeline for Northeast Ohioans who need a hand up, not a handout. Based on Jewish principles, yet serving the entire community in Northeast Ohio regardless of religion or race, HFLA is often the only source of support available to these individuals in need and can make the difference in overcoming financial hurdles, pursuing an education, or starting a small business.

SIMPLY PUT, AN INTEREST-FREE LOAN GIVES PEOPLE A CHANCE TO SUCCEED.



HFLA OFFERS THREE TYPES OF LOANS

Standard Loans

Addressing the unexpected financial challenges that people face. Many people do not have access to funds when financial challenges occur. These situations can include home and car repairs, high-interest debt, emergency funerals, falling behind on bills and more.

Education Loans

Addressing the gap that is often needed in order to pursue undergraduate, graduate, vocational and technical schools. This burden often comes between the student attending or finishing their education.

Small Business Loans

Our fast-growing loan portfolio is helping entrepreneurs. Currently, small business loans represent 24% of our portfolio and that number is quickly growing. HFLA takes on this risk that banks are not willing to – at 0% interest. This allows small businesses to have the capital to meet business demand and grow their company.

With our continuous growth year to year our need to grow our loan fund and support are great.

As a supporter of HFLA, you create a lasting legacy. The dollars you donate are recycled over and over with HFLA.

HFLA offers residents and small businesses the chance to provide hope for multiple generations. Describing the opportunity and impact of HFLA, a business loan recipient said, “the loan has not only been helpful, it has changed my life and the lives of many others in my community.”

That is the value of our efforts – we’re building stronger neighborhoods and a stronger region.

OUR LIFE LONG EFFECT

These four stories of our loan recipients inspire us daily – and remind us of our purpose.



CIGORNI SAPP STANDARD LOAN

Cleveland

For many years, Cigornai proudly served as part of the United States Military Reserves. Throughout her time serving, she also helped alleviate much of her parents' expenses.

Balancing her demanding lifestyle and a complicated financial situation, Cigornai found herself building up high-interest credit card debt. She became increasingly concerned about her situation – knowing she could not continue to accrue debt, but worrying that there was no way out of that cycle. She needed to unburden herself. That was when she scheduled a meeting with our team at HFLA two years ago.

She received a loan through HFLA to alleviate her high-interest credit card debt, but her story didn't end there. Last year, a few brief months before her deployment, Cigornai – freed from the burden of predatory interest rates – found the perfect property in the Collinwood neighborhood to serve as the landscape for her future dream home.

In order to purchase the property, Cigornai received a second loan from HFLA. Now back from her tour of duty, she and her family are happily living on the property. 🌿

After volunteering with the Peace Corps in the Amazons and learning of the indigenous people's love for fruit, Evan was inspired to make and sell fruit snacks made of only fruit. Evan Delahanty sought and received a small business loan from HFLA to support his company based out of Akron, *Peaceful Fruits*.

Evan is very intentional about who he chooses to staff the operation. *Peaceful Fruits* employs the indigenous Amazonians to cultivate the fruit in the rainforest and people with disabilities here in America – giving both groups an opportunity to work and be proud of it.

When Evan went on *Shark Tank*, his inbox was immediately flooded with orders for fruit snacks. He loved the sales, but he didn't have the means to fill orders quick enough.

Our loan helped him to fill those orders and continue to support a healthier community – both the Amazonian community and rain forest, and those with disabilities. 🌱

EVAN DELAHANTY PEACEFUL FRUITS

SMALL BUSINESS LOAN

Akron





NANA KWAMENA TAKYI-MICAH BUSINESS LOAN

Cleveland

“Eric, thank you so much for your guidance, encouragement and support. Everyday, you remind me that I am not alone in my effort to grow and build a successful business. Thank you once again. Your friend, Nana.”

In 2010, when Nana left Ghana to pursue a college education in Ohio, he knew he’d have to overcome some challenges. Upon moving to Ohio, he went grocery shopping and realized that there weren’t any authentic African food options similar to the cuisine of his home.

In an entrepreneurship class at college, he was challenged to create a product; he chose to make traditional African food. Thus, the idea for his business – Micah Specialty Foods – emerged.

Though he had an excellent idea for a business, it was difficult to find the working capital needed for a start-up to become a strong presence in the food industry. He received a business loan from HFLA to help him get on his feet.

Shortly after receiving the loan, Nana met Eric, an HFLA board member. They hit it off immediately. Eric became a sounding board and advisor for Nana, helping him get even farther in the business world. Nana wrote to Eric in a sentimental note: *Everyday, you remind me that I am not alone in my effort to grow and build a successful business.* Nana and Eric still sit down for coffee and talk for hours at a time. For them, it’s more than just a business partnership – a friendship has truly blossomed. ☘

Valerie Mayen, a member of the Latinx community and *Project Runway* designer alum, decided to start a clothing store called *Yellowcake Shop*. She wanted everything to be created in the United States and for the clothing to be as environmentally friendly as possible. With this lofty goal in mind, she knew she would need some financial assistance. Both creating products in the US and making them environmentally friendly can quickly become expensive. For Valerie, these expenses outweighed the cost!

Upon receiving two separate loans to aid her, she has successfully ensured high quality, environmentally friendly, and authentic clothing for her customers. 🌿

VALERIE MAYEN YELLOWCAKE SHOP
SMALL BUSINESS LOAN
Cleveland





\$1,073,364

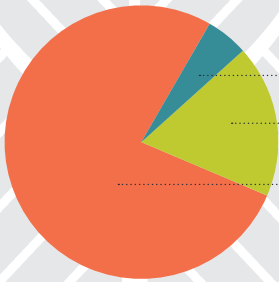
IS CURRENTLY LENT OUT IN INTEREST-FREE LOANS IN NEO

INTEREST-FREE LOANS DISPENSED IN NEO IN 2019

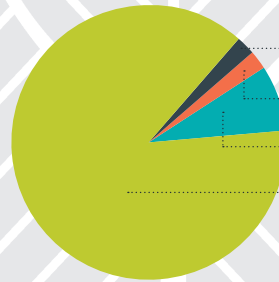
\$534,625

AS OF 10/10/2019

THE IMPACT OF HFLA LOANS ON NORTHEAST OHIO



- AKRON \$10,400 2%
- WARREN/YOUNGSTOWN \$47,000 9%
- CLEVELAND \$161,712 30%



- SUMMIT COUNTY \$10,450 2%
- LORAIN COUNTY \$12,800 2%
- MAHONING COUNTY \$37,000 7%
- CUYAHOGA COUNTY \$431,984 81%

TYPES OF INTEREST-FREE LOANS

33% STANDARD

24% SMALL BUSINESS

43% EDUCATION

It isn't just about the gift of money. It's about the dream you're able to achieve, the fact that there are people willing to help you do that and the continued cycle of community reinvestment.

JEREMY UMANSKY
CO-OWNER, LARDER DELICATESSEN AND BAKERY
2019 HFLA PLANTING SEEDS AWARD RECIPIENT



2016
TO
2019

The impact of HFLA empowers our community in greater ways year over year.

Since 2016, we have cultivated notable growth:

INCREASE IN SMALL BUSINESSES
287%

INCREASE IN OVERALL LOANS
44%

CREDIT REPORTING STATISTICS
54%
of our interest-free loan portfolio participates in the credit reporting program

THE DIVERSITY OF GIVING TO ALL ACTIVE BORROWERS

57%
AFRICAN AMERICAN/BLACK

2%
ASIAN/ASIAN-INDIAN/PACIFIC ISLANDER

2%
BIRACIAL

32%
CAUCASIAN

5%
LATINX

1%
MIDDLE EASTERN

1%
OTHER

LOW TO MODERATE INCOME

62%

SINGLE PARENTS

30%

NO ONE HAS EVER BECOME POOR FROM

GIVING.

Anne Frank

THE FOLLOWING GRANTS WERE RECEIVED IN 2019 AS OF PRINTING

Alliant Credit Union
→
Burton D. Morgan Foundation
→
The Cleveland Foundation
→
Huntington Bank - Cleveland
→
Huntington Bank - Akron
→
Jewish Federation of Cleveland
→
Omnova Solutions
→
Saint Luke's Foundation
→
Emma & Harry Fox Foundation
→
City of Cleveland
→
Raymond John Wean Foundation
→
The Mandel Foundation
→
Legacy Heritage Foundation

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 2 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.



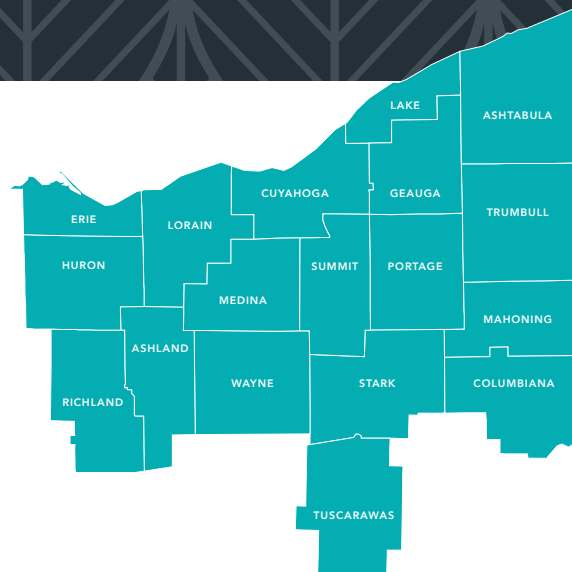
6

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.



LEADING CHANGE IN OUR COMMUNITIES

We are grateful for the steadfast determination and dedication of our staff, board, volunteers and donors. It's because of you that HFLA is able to support a growing number of individuals and business owners each and every year. And it is through your efforts that Northeast Ohio families will have a stronger and more secure financial future.

LAURA KLEINMAN
BOARD PRESIDENT, HFLA





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WHOEVER PRACTICES
CHARITY AND JUSTICE
FILLS THE WORLD WITH LOVING
KINDNESS.

Talmud



HFLA
OF NORTHEAST OHIO

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INTERESTFREE.ORG