



Executive Director, Michal Marcus

We have navigated our way through another year living through a pandemic. In March 2020, HFLA created an emergency loan to help those who experienced unexpected income loss as a result of illness, shutdowns and loss of work. While there were some who took advantage of these loans, our overall lending has been down during the pandemic. As we look back over the past two years, we understand why: 3 rounds of direct federal aid to families; expansion of unemployment; emergency housing assistance and a moratorium on evictions and foreclosures; student loan deferments; and more.

As we enter 2022, most, if not all of these relief measures are ending. We anticipate a steady rise in the need for the interest-free loans. We have begun to think proactively about how we can better prepare our constituents for the next financial disturbance—whether a national event, or an individual’s emergency—as we have been doing for the past 118 years. Starting in 2022, in addition to the loans made in response to immediate financial needs for residents in Northeast Ohio, we will also start a Credit Builder Loan program. These small loans are intended to help increase credit scores in a short time period. We are also launching a pre-approved auto loan with the intention of helping people avoid predatory auto loans on used cars. These loans will actively keep people out of a predatory lending cycle and be more financially prepared to access traditional financial tools.

Our ability to innovate would not be possible without your support, thank you.

2021 Loans

\$850,181

currently lent out in NEO

\$249,419

loans disbursed in 2021

STANDARD

Loans to assist with a variety of immediate financial needs.

21%

38%

EDUCATION

Loans to address the gap between financial aid and tuition towards undergraduate, graduate, vocational, and technical schools.

BUSINESS

These loans enable small businesses to meet demands and grow their company.

27%

14%

EMERGENCY LOAN

For individuals financially impacted by the COVID-19 pandemic. Loan can be used for varying needs such as loss of income, child care, or medical expenses.

Data reflects all current and active loans as of January 10, 2022.

Opportunities in Reporting Credit

The role of credit has grown beyond the ability to access low-interest loans. A person's credit score plays a role in renting an apartment, managing emergency funds, building generational wealth, and can affect job prospects. HFLA's borrowers are often unable to build credit and qualify for conventional loans leaving them with limited options to manage emergencies or debt.

HFLA seeks to help our borrowers achieve better overall financial health. In 2016, HFLA joined Credit Builders Alliance, allowing us to report credit and help borrowers increase access to loans and services from conventional sources upon repayment of their loans. Today, over half of all borrowers are having their credit reported. Our loans can serve as a launching point for borrowers to improve their overall credit score by being an open trade line and reporting on-time payments - two factors that are major components of credit score calculations.

2016
HFLA began reporting borrower credit.

2020
All loans except for Emergency Loans are automatically reporting credit.

2022
Over half of all active loans report credit.

63%

of all active loans report credit.*

We have seen success from this program. Keyonna, a small business borrower, was able to improve her personal and business credit, qualifying for a \$100,000 business loan from a traditional lender. Carmen consolidated high-interest debt, enabling her to qualify for a conventional home equity loan. These are just a few examples of how HFLA helps address immediate needs while also improving an individual's overall financial standing. Seeing the impact that credit reporting has had on our loan recipients, we can show the long-term impact our loans have in the community.

Learn more about Keyonna and Carmen: interestfree.org/loans/loan-recipient-stories/

*Data reflects all current and active loans as of January 10, 2022.

The Gap in Financial Equity

The COVID-19 pandemic highlighted the inequities that HFLA has seen our borrowers face for decades. It was no surprise to us that the pandemic disproportionately affected women and that the Black and Hispanic communities were especially hit hard. These individuals represent the majority of our lending.

The shift to virtual events has allowed us to share more stories of our loan recipients. Through these stories, we have been able to further examine how and why these inequities affect our borrowers. We have highlighted the depth of the issues and have begun thinking about new ways to bring necessary change and resources to the community.

Fostering Economic Equity in 2020, focused on systemic barriers that prevent African Americans from accessing financial resources and building wealth. The \$avvy screening in 2021, looked at why women are less prepared to manage their personal finances and a panel discussion with local leaders set the local context.

We are excited to continue to lead these meaningful conversations. We will continue to identify solutions that enable everyone in our community to access fair financial resources and actively participate in our local economy.

Learn more about our virtual programs: interestfree.org/events/

63%

of loans are disbursed to women

63% Business Loans go to women

77% Standard Loans go to women

73% Emergency Loans go to women

63%

of loans go to people of color

47% African American **31%** White/Caucasian

11% Latin Am. **1%** Asian/Pacific Isl.

3% Multiracial **<1%** Middle Eastern

6% Undisclosed

Data reflects all current and active loans as of January 10, 2022.

Foundation Support

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The Business of Good Foundation
The Char and Chuck Fowler Family Foundation
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The Cleveland Foundation
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Vitamix
Wain Family Foundation
We Can Code IT
Christine & David Weiss
Helene Weiss
William M Weiss Foundation
Carol & Dr. David Willen

Statement of Activities

for the year ended December 31, 2021

	2021	2020
Contributions, Grants & Income		
Individual Donations	175,206	362,831
Event Income	153,014	87,190
Grants	288,000	468,791
Other	43,400	-
Investment Income	105,255	104,422
Total Revenues	764,875	1,023,234
Operating Expenses	534,718	484,019
Bad Debts*	48,456	27,561
Excess of Revenues Over Expenses	181,701	511,654

*represents loans that were written off in 2021.

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