Impact and Implementation Report

Appalachian Community Capital/Business Assistance Response Program

June 2021

Prepared For:

Appalachian Community Capital

Prepared By:

PIE ORG

PLAN | IMPLEMENT | EVALUATE

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Program Description and Evaluation Overview

Program Description

Administered by Appalachian Community Capital (ACC), in partnership with the Appalachian Regional Commission (ARC), the emergency Business Assistance Response (BAR) grant program was developed to support the entrepreneurial ecosystem in Appalachia by helping to cover operational costs and offset some of the income that designated community-based lenders lost during the COVID-19 pandemic. The evaluation provides an overview of implementation and deployment of funding through the program, as well as insight into the impact of funding for 31 lending organizations, comprised of Community Development Financial Institutions (CDFIs) and other mission driven lenders, as the program sought to stabilize these lenders and extend lending capacity to Appalachia's small businesses and nonprofits impacted by the COVID-19 crisis. These Appalachian region lending organizations applied for and were awarded funds totaling $3.56 million. Eligible uses of funding consisted of operational support for grantees and direct technical assistance to Appalachian small business and nonprofit borrowers.

Evaluation Methodology

The evaluation methodology sought to create a robust typology that provides insight to the BAR program's implementation, impact, and reach across the Appalachian region. The results present a holistic understanding of how BAR funding flowed across the region to stabilize lenders, and how this stabilization helped them support specific nonprofits and small businesses. Furthermore, the methodology employed an equity lens in order to understand how the BAR program was successful in supporting a diversity of peoples and missions. The purpose of the evaluation was to answer five questions, created in collaboration with ACC/BAR program stakeholders, around implementation, equity, and impact for grantees, small businesses, and nonprofits served through the grant funding program. Appendix A provides a detailed description of specific evaluation methods for this report. The key evaluation questions that guided this report are the following:

- **What was the impact of these lending practices on the grant-awarded small businesses and nonprofits?**
- **How did the ACC funds help stabilize grantee organizations during the pandemic?**
- **What was the size and scope of the lending across Appalachia?**
- **Were there any issues in implementation? Were funds efficiently deployed?**
- **Was there equitable distribution of lending?**

The evaluation utilized a mixed-methods design, leveraging document review, surveys, and interviews with the grantees throughout the year-long grant cycle ending March 31, 2021. Appendices C and D provide detailed analyses of surveys and interviews, respectively.

Executive Summary

In partnership with the Appalachian Regional Commission (ARC), Appalachian Community Capital (ACC) developed the emergency Business Assistance Response (BAR) grant program to support the entrepreneurial ecosystem in Appalachia during the COVID-19 pandemic. Through the program 31 lending organizations were awarded funds totaling $3.56 million. The funds were intended to support operations for lending organizations and/or direct technical assistance to small businesses and/or nonprofit organizations. Through the use of a mixed-methods evaluation approach, impact, implementation, and program reach was examined. This Executive Summary distills the key findings and recommendations across all data sources for the purpose of providing feedback for the BAR program.

Impact of BAR Program Grantees' Lending on Small Businesses and Nonprofits

Upon completion of the program, data revealed the following cumulative impact measures from grantees:

- Grantee organizations were able to serve businesses and nonprofits (n=9,451) across 13 states through technical assistance, loan deferral, and/or alternative funding.
- Data showed that 95% (n=9,726) of all reported businesses remained operational. In addition, a total of 77% of grantees (n=24) reported that 100% of the businesses they supported stayed open, indicating an overall improvement of businesses through the BAR program.
- Overall, there were a total of 5,635 new or modified loans and an average of 190 new or modified loans per grantee.
- Grantee organizations reported $430,300,083.58 in loans provided to borrowers through private resources.

Size and Scope of Lending

Documentation was reviewed to understand how lenders used the funds to stabilize themselves and support small businesses and nonprofits across the region through infused capital and technical assistance. Data were analyzed to reveal the following:

- Grantee awards totaled $3,569,825.15 and ranged from $40,000 to $200,000, with an overall average of $115,155.65 per grantee, with 66% of the awards allocated to personnel expenses.
- Grantee organizations were able to support businesses across 13 states; 62% (n=5,895) of the total businesses reported an industry type, where a total of 21 industries were reached, with "Accommodation and Food Services" reporting the highest number of businesses (n=854) next to "Other Services" (n=1,028).

Implementation

Overall, grantees were satisfied with the implementation and application process of the ACC/BAR Grant Funding Program. Grantees expressed that the process was streamlined and quick.

- Grantees were able to receive funding quickly upon submitting applications, where 67% of grantee survey respondents reported receiving funds within 1-2 weeks of submitting the application. Respondents emphasized that the quick process helped address clients' most urgent and critical needs.
- Grantees were appreciative that the funding expectations were clear and flexible, which allowed them to be intentional and responsive to unique client needs.

Equity Lens

Using an equity lens, various measures were analyzed to understand how the BAR funding program supported a diverse range of people and missions within Appalachia. In seeking to understand more about diversity of businesses supported by grantees through ACC/BAR support, measures around business and nonprofit demographics (i.e., start-ups vs. established businesses) were captured and analyzed to reveal the following:

- 38% of grantees reported exclusively serving businesses located in rural communities.
- A total of 37% (n=194) of supported businesses were considered startups, and 63% (n=331) were established.

Conclusion and Recommendations for Potential Program Development

Data clearly indicated that the BAR program was impactful for grantee organizations. The following recommendations could help inform potential opportunities for program development:

- Sharing best practices through creation of networking groups, where business owners, nonprofits leaders, and lending organizations can share their experiences and best practices for maintaining establishment during the pandemic and beyond.
- Providing specific strategies on how the BAR program can support grantees and their clients who may experience long-term effects of the COVID-19 pandemic. Given that resources are finite, grant fund support will deplete for lending organizations, while needs will continue to exist for these organizations after depletion of funding support. Strategies for maintaining support as the pandemic persists should be codified across lending organizations and businesses in Appalachia.
- Refining grant documentation instruments and conducting research of women and minority-owned small businesses and nonprofits in Appalachia to ensure that a diverse set of constituents are reached and that equitable lending policies, practices, and programs are in place to address the needs of all underserved populations and communities in the region.

Impact of BAR Program Lending on Small Businesses and Nonprofits

This section highlights the overall impact of the BAR program and its ability to stabilize lenders and their ability to support small businesses and nonprofits during the COVID-19 pandemic. This section is guided by the following evaluation question:

What was the impact of these lending practices on the grant-awarded small businesses and nonprofits?

Further, data in this section highlights the extent which key outcome metrics were met through the program:

- At least 400 businesses and nonprofits were served through technical assistance and/or loan deferral or alternative funding instruments.
- At least 200 businesses improved as measured by whether they are still in business at the conclusion of the grant performance period.
- The extent to which $15 million in Leveraged Private Investment was met; measured by the number and amount of loans provided to borrowers through private resources.

Businesses and Nonprofits Served

A total of 9,451 businesses and nonprofits were reached overall, which is an average of 304 per grantee. Table 1 below shows the total number of businesses reached per grantee, along with the average amount allocated per business based on the total award amount. Overall, there was an average allocation of $377.88 per business.

Table 1: Number of businesses reached and AVG $ per business by Grantee

GRANTEE	Number of Businesses Reached	AVG $ per Business
Mountain Bizworks	2,734	$43.91
Access to Capital for Entrepreneurs	2,315	$64.82
Mountain Association for Community Economic Development	630	$198.41
Foundation for Appalachian Kentucky	439	$255.13
Community Works	419	$167.06
Bridgeway Capital	323	$464.40
Alternatives Federal Credit Union	271	$442.80
Southeast Kentucky Economic Development	240	$500.00

GRANTEE	Number of Businesses Reached	AVG $ per Business
Sabre Finance	214	$626.17
Kentucky Highlands Investment Corporation	169	$769.23
Woodlands Community Lenders	158	$506.33
People Incorporated Financial Services	152	$756.58
Appalachian Growth Capital	150	$1,000.00
Natural Capital Investment Fund	142	$1,418.44
Carolina Small Business Development Fund	137	$729.93
Pathway Lending	115	$1,443.48
Appalachian Development Corporation	103	$1,019.42
Regional Energy Development Corporation	101	$643.56
FAHE	71	$2,857.14
Virginia Community Capital	69	$1,811.59
Chautauqua County IDA	68	$1,691.18
Wyoming County EDA	63	$965.48
SC Community Loan Fund	59	$2,118.64
Lift Fund	58	$1,551.72
Community Ventures Corporation	53	$2,547.17
Finance Fund Capital Corporation	45	$1,111.11
Valdese Economic Development Corp	43	$930.23
Piedmont Business Capital	41	$1,707.32
Center for Rural Health Development DC	33	$3,545.45
Three Rivers Planning and Development District	32	$4,687.50
New River Gorge	4	$20,000.00
Total	**9,451**	**$377.88**

Businesses Improved

A primary goal of the BAR program was to provide grantees with resources to aid businesses during COVID in order to sustain services and keep their doors open. This metric, "businesses improved", was reported by grantees in their quarterly reports. Data showed that 95% (n=9,726) of all reported businesses stayed in business (*see Table 2).* In addition, a total of 77% (n=24) reported that 100% of the businesses they supported stayed open. Mountain BizWorks and Access to Capital for Entrepreneurs were able to impact the most businesses overall. On average, 331 businesses per grantee were improved as a result of grantee organizations' support through BAR funds.

Table 2: Businesses Improved (stayed in business)

GRANTEE	# Businesses Improved	% of Total Improved
Mountain BizWorks	2,924	100%
Access to Capital for Entrepreneurs	1,874	100%
Piedmont Business Capital	700	100%
Community Works	644	100%
Foundation for Appalachian Kentucky	441	100%
Alternatives Federal Credit Union	335	100%
Bridgeway Capital	283	100%
Kentucky Highlands Investment Corporation	250	100%
Southeast Kentucky Economic Development	247	100%
Appalachian Growth Capital	230	100%
Sabre Finance	184	100%
Mountain Assoc. for Community Economic Development	162	25%
Woodlands Community Lenders	145	97%
Regional Energy Development Corporation	141	100%
People, Incorporated	130	86%
Carolina Small Business Development Fund	124	99%
Natural Capital Investment Fund	119*	92%
Chautauqua County IDA	112	99%
Pathway Lending	111	100%
Appalachian Development Corporation	98	100%
FAHE	71	100%
Lift Fund	54	100%
Wyoming County EDA	53	100%
Community Ventures Corporation	50	94%
Virginia Community Capital, Inc	49	100%
Center for Rural Health Development DC	49	100%
Finance Fund Capital Corporation	44	96%
Valdese Economic Development Corp	43	100%
Three Rivers Planning and Development District	39	100%
SC Community Loan Fund	16	42%
New River Gorge	4**	100%
Total	**9,726**	**95%**

** Data available for Q1 & Q2 only*

*** Data available for Q1 only*

Jobs Retained

Support given to businesses aimed to help retain jobs and avoid layoffs and unemployment. Grantees reported that overall, a total of 40,380 jobs were retained through the BAR program across

Appalachia. Table 3 shows the number of jobs retained by grantee. Data shows that a total average of 1,302 jobs were saved per lender.

Table 3: Number of Jobs Retained by Businesses

GRANTEE	# of jobs retained
Mountain BizWorks	14,631
Kentucky Highlands Investment Corporation	7,029
Three Rivers Planning and Development District	5,302
Access to Capital for Entrepreneurs	2,271
Chautauqua County IDA	1,984
Alternatives Federal Credit Union	1,257
Pathway Lending	1,066
Community Works	938
Regional Energy Development Corp.	827
Bridgeway Capital	616
Foundation for Appalachian Kentucky	498
Southeast Kentucky Economic Development	493
SC Community Loan Fund	423
Natural Capital Investment Fund	371*
Valdese Economic Development Corp	323
Finance Fund Capital Corporation	306
Sabre Finance	275
People, Incorporated	251
FAHE	209
Piedmont Business Capital	198
Lift Fund	189
Community Ventures Corporation	168
Appalachian Growth Capital	158
Wyoming County EDA	157
Center for Rural Health Development DC	151
Virginia Community Capital, Inc	112
Mountain Assoc. for Community Economic Development	78
Carolina Small Business Development Fund	64
New River Gorge	36**
Woodlands Community Lenders	0
Appalachian Development Corporation	-42
Total	**40,380**

** Data available for Q1 & Q2 only*
*** Data available for Q1 only*

Loans Provided to Borrowers

Grantees were asked to report the number and amount of loans provided to borrowers through private resources. Overall, there were a total of 5,635 new or modified loans and an average of 190 new or modified loans per grantee. Grantees reported a total of $430,300,083.58 in leveraged investment, which far exceeds the outcome goal of $15 million in leverage private investment. Table 4 displays the total amount of new or modified loans for each grantee organization and the amount of leveraged investment.

Table 4: # of New or Modified Loans by Grantee

GRANTEE	# of new/ modified loans	$ amount leveraged investment
Mountain BizWorks	1,775	$61,960,852.00
Access to Capital for Entrepreneurs	698	$30,818,335.74
Community Works	589	$4,244,907.00
Foundation for Appalachian Kentucky	474	$1,303,330.60
Alternatives Federal Credit Union	460	$7,284,245.80
Bridgeway Capital	318	$13,510,335.00
Kentucky Highlands Investment Corporation	285	$139,458,730.00
Natural Capital Investment Fund	129	$6,936,743.00
Mountain Assoc. for Community Economic Development	119	$1,575,300.00
Southeast Kentucky Economic Development	84	$4,779,106.51
People, Incorporated	77	$1,814,956.00
Piedmont Business Capital	69	$1,395,367.50
Chautauqua County IDA	67	$4,936,292.00
FAHE	62	$41,847,596.00
Sabre Finance	60	$230,000.00
Pathway Lending	47	$12,650,380.13
Appalachian Development Corporation	47	$8,968,275.00
Regional Energy Devel. Corp	46	$660,000.00
Valdese Economic Development Corp	38	$1,935,163.34
Center for Rural Health Development DC	36	$7,642,809.00
Lift Fund	30	$1,262,992.96
Finance Fund Capital Corporation	24	$24,001,087.00
Appalachian Growth Capital	22	$37,546,503.00
Wyoming County EDA	21	$435,500.00
Virginia Community Capital, Inc	19	$899,240.00
Woodlands Community Lenders	15	$352,664.00
Carolina Small Business Development Fund	11	$940,253.00
SC Community Loan Fund	9	$7,230,994.00
New River Gorge	4*	$0.00
Three Rivers Planning and Development District	0	$2,578,125.00
Community Ventures Corporation	0	$1,100,000.00

GRANTEE	# of new/ modified loans	$ amount leveraged investment
Total	**5,635**	**$430,300,083.58**

* *Data available only for Quarter 1*

The BAR program funds allowed grantee organizations to provide loan deferment options that ranged from 90- to 120-days. Some grantees automatically gave their clients loan deferments, while others only extended deferment options upon request. Most borrowers that took advantage of the deferment options were able to resume their regular loan payments by the beginning of 2021. Furthermore, businesses that utilized deferment periods remain in full operation today, instead of being shut down. This speaks to how the BAR program funding provided options that prevent small businesses and nonprofits from shutting down completely during an economically challenging time.

One grantee organization representative provided details relative to how grantee organizations were innovative in providing emergency loan assistance for small businesses as a result of operational support from BAR funds:

> *We developed an emergency loan program which supported one Irish pub in Lumpkin County. In 2020, St. Patrick's Day business - normally the start of their busy season - was non-existent. The owner pivoted quickly to a streamlined menu and delivery services, but she needed capital due to the loss of revenues. She obtained $50,000 in working capital with specialized terms, enabling her to pivot to a more successful model and remain viable when so many restaurants were closing.*

Because of the support of the ACC/BAR funds, many grantees were able to expand their lending capacity by creating new loan packages and financial programs. For example, another grantee representative reported:

> *We launched a new capital loan product, where we offered a loan up to 75K to new and existing borrowers. This was a new product because we don't give loans below 100K. This was helpful for clients who needed financial support but were not in a place to take out a much bigger loan.*

Multiple grantees also reported that they were able to close more loans compared to previous years. This would not have been possible if BAR program funding support was not available to enhance their organization's capacity, thus allowing them to increase lending.

Size and Scope of Lending

Introduction

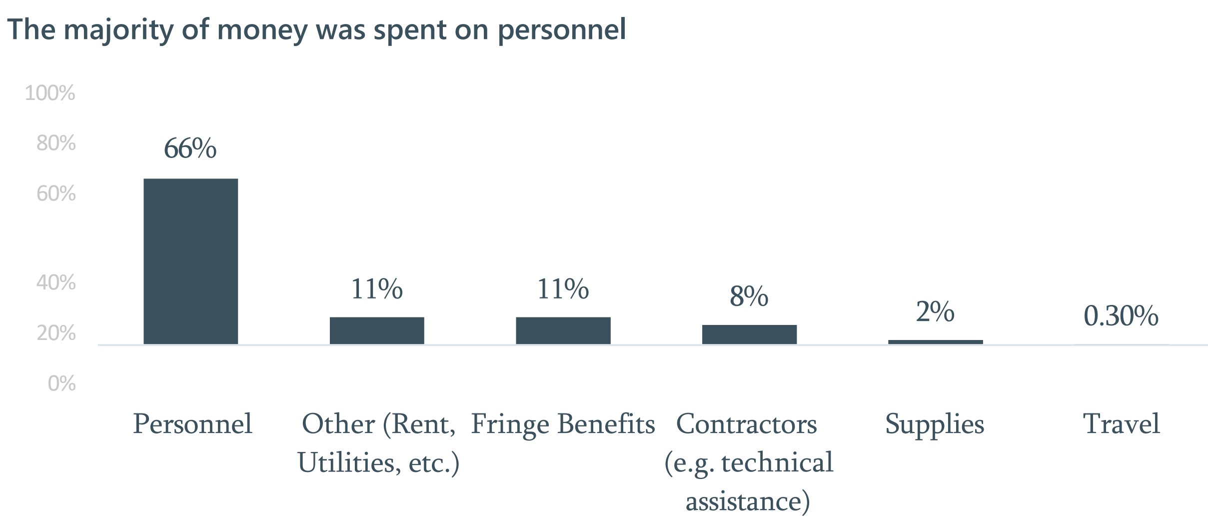
This section highlights insights relative to how the $3.56 million was disseminated across lenders to support small businesses and nonprofits across the region. Data in this section were guided by the following evaluation question:

What was the size and scope of the lending across Appalachia?

Grantee Award Overview

A total of 31 grantees were supported during the BAR program. Awards totaled $3,569,825.15 and ranged from $40,000 to $200,000, with an overall average of $115,155.65 per grantee. Award money spent in primary financial areas was analyzed and overall grantees allocated 66% of the award to personnel. Each grantee spent an average of $80,002.24 in this area. The least amounts were spent on travel (.3%) and supplies (2%). Figure 1 provides a breakdown of how grantees spent funds in key financial areas. (*See Appendix B1 for a complete breakdown by grantee.)*

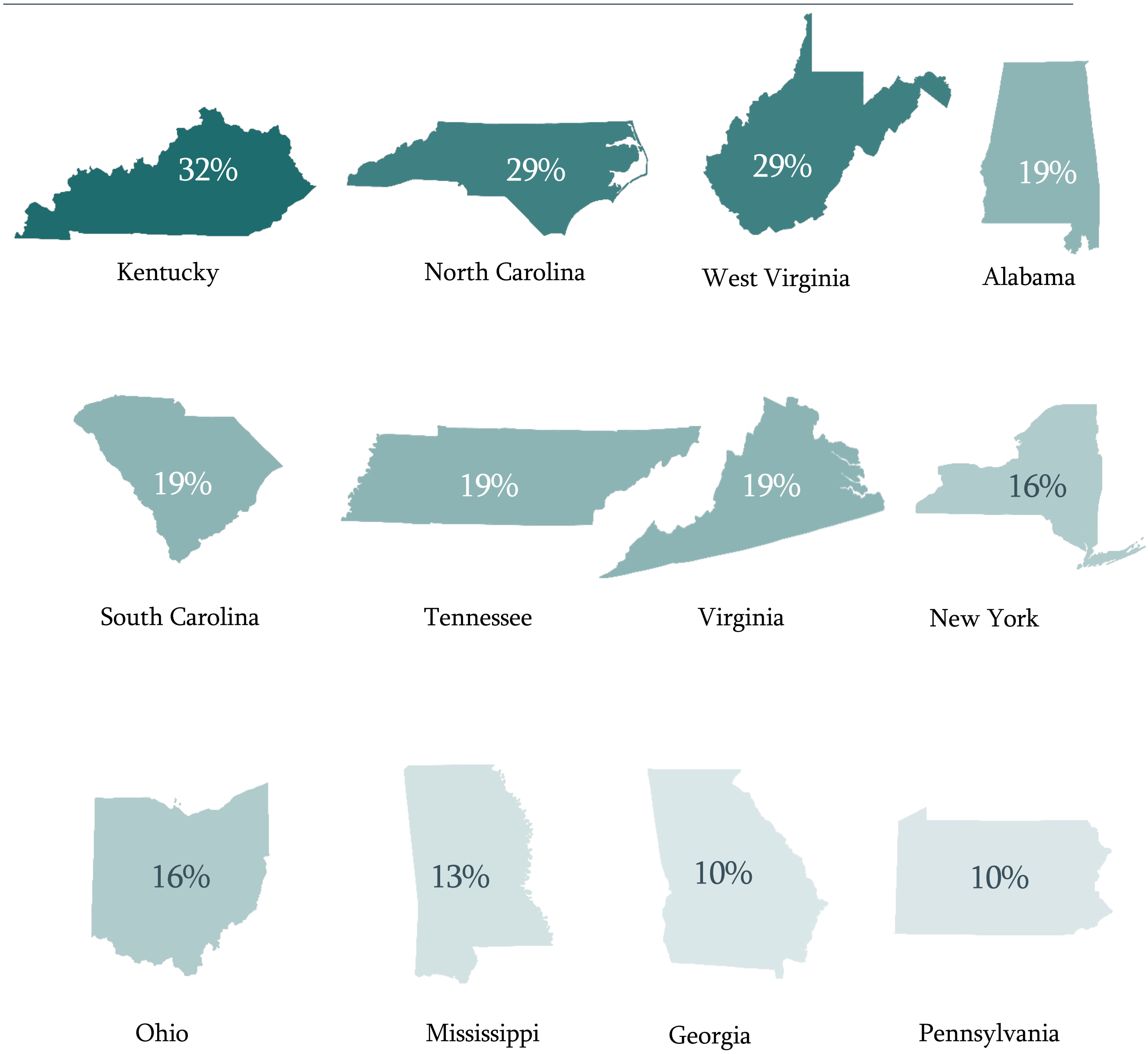
Figure 1: Percent of award spent on key financial areas



States

Grantees reported businesses they supported throughout the project along with the state in which the business operated; a total of 605 (6%) of the reported businesses did not have state data. Of the reported data, all 13 Appalachian states[1] were reached through the program[2]. Figure 2 provides the percentage of grantees operating in Appalachian states. The greatest saturation of grantee coverage was in the state of Kentucky, with 32% (n=10) of lenders operating there (*see Appendix B5 for more details).*

Figure 2: % of total Grantees operating in Appalachian states



[1] Defined by the Appalachian Regional Commission: https://www.arc.gov/appalachian-states/

[2] There were no lenders operating in MD, however outside lenders provided services to 4 businesses in this state

Businesses Saturation by State

State data was reported for 94% of all businesses (n=8,850). Of this sample, 32% were located in North Carolina, followed by Georgia and Kentucky *(see Appendix B5 for geographic representation of business distribution).*

Table 5: # and % of businesses reached by state

State	# of Businesses Reached	% of Total
NC	3,044	32%
GA	1,812	19%
KY	1,556	16%
SC	588	6%
NY	432	6%
PA	325	5%
WV	276	3%
AL	263	3%
OH	198	3%
VA	174	2%
TN	139	1%
MS	35	.37%
MD	4	.04%
Not Reported	*605*	*6%*
Total	**9,451**	**100%**

Business Industries Reached

Sixty-two percent (n=5,895) of total businesses reported the type of industry in which they produced goods or services. Industries were wide ranging and were thus standardized using NAICS identification and categorization[3] for further analysis. A total of 21 industries were reached, with Accommodation and Food Services having the highest number of businesses (n=854) next to "Other Services" (n=1028). *(See Appendix B3 for full breakdown)*

Data was further categorized to determine what percentage of businesses fell into the top 10 highest saturated industries listed by NAICS *(see appendix B3 for full listing).* Of all reported businesses, 60% fell into the top 10 categories. Of those, 14% (n=854) were in the Accommodation and Food Services category, and 12% (n=714) were in the Retail Trade category. A total of 97% (n=30) of

[3] *The NAICS System was developed for use by Federal Statistical Agencies for the collection, analysis and publication of statistical data related to the US Economy. http://www.naics.com/*

Grantees supported businesses in the top 10 categories, with 90% of them supporting Accommodation and Food Services.

Table 6: # and % of businesses in NAICS top 10 industries

Industries	# of businesses	% of all reported businesses (n=5895)	# of Grantee's supporting
Accommodation and Food Services	854	14%	27
Retail Trade	714	12%	24
Health Care and Social Assistance	471	8%	26
Manufacturing	367	6%	22
Construction	252	4%	21
Professional, Scientific, and Technical Services	250	4%	21
Real Estate and Rental and Leasing	228	4%	23
Administrative and Support and Waste Management and Remediation Services	184	3%	19
Wholesale Trade	155	3%	25
Finance and Insurance	74	1%	17
Grand Total	**3,549**	**60%**	**30**

Stabilization of Grantee Organizations

This section presents data related to how BAR funds helped grantee organizations stabilize due to challenges from the COVID-19 pandemic. This section is guided by the following evaluation question:

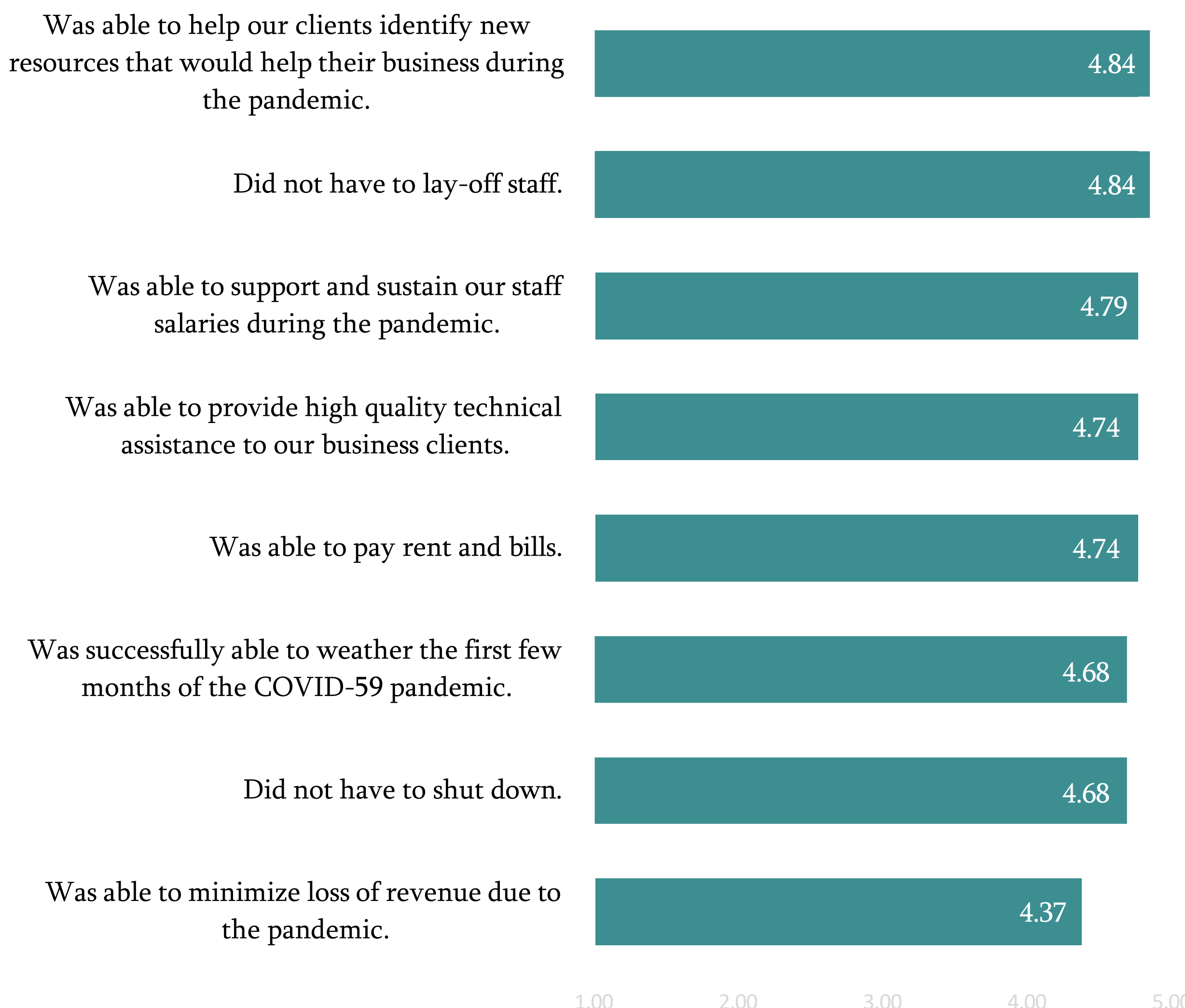
How did BAR funds help stabilize grantee organizations during the COVID- 19 pandemic?

Aspects of Stabilization

Grantees reported that much of the BAR program funds were used to continue operations and keep organizations afloat, while meeting clients' business and financial needs. Throughout the pandemic, several grantees experienced full transitions to remote work that required the purchase of new office equipment and digital software. With limited revenue, some grantees also needed payroll support to keep staff at a time when the need for technical assistance was at an all-time high; organizations could simply not afford to let go of staff due to an inability to meet payroll requirements. Organizations experienced difficulties in engaging with clients that were accustomed to in-person meetings. For grantees in rural areas, this was especially challenging, and investment in technical assistance webinars and other alternate modes of engagement (i.e. remote communication platforms) were needed in order to maintain consistent communication with clients.

Grantees reported positive responses regarding how the BAR funds helped them stabilize during the COVID-19 pandemic. Providing financial support to bridge the downturn as well as helping them keep their staff on payroll were the areas that had the highest level of agreement. Minimizing the loss of revenue, on its face, would seem to be an inevitable goal as organizations weathered the economic impact of the pandemic; however, survey results revealed the least amount of agreement with the BAR funds' ability to mitigate loss of revenue during the pandemic. Figure 3 provides insight on the extent to which various aspects of stabilization were met for grantee organizations through the BAR program.

Figure 3: Aspects of Stabilization for Grantee Organizations (5= Strongly Agree to 1= Strongly Disagree)



Grantee organizations were pleased with the flexible and non-restrictive nature of the BAR program funds, making it ideal for operational use and extending capacity building support for small businesses and nonprofits. This allowed grantee organization to be intentional when responding to client needs, tailoring approaches and strategies to clients' unique needs and contexts. One grantee representative expressed the following:

> *The BAR funding served as operational funding. These are the most valuable because they are flexible. Funding allowed us to do what we needed to do to help and maintain organizational stability. It also allowed us to do loan deferments. When revenues declined, BAR funding helped us to do operational things critical for keeping our doors open, that funders typically do not want to pay for.*

Technical and General Business Assistance Provided to Businesses

As a result of stabilization for grantees, the organizations were most able to provide general business advisory assistance and maintain their ability to provide lending support for businesses and nonprofits. Figure 4 provides a breakdown of the percentage of grantee organizations that provided various types of technical assistance and support to small businesses and nonprofits. Other areas not mentioned here, but which 26% of respondents noted, were deferment of loan payments, affordable housing, payment relief, and operational consulting. While not considered specific components of Technical Assistance, they were of importance to lenders.

Table 4: Technical Assistance and Support provided to small businesses and nonprofits

	%	N
General Business Advisory Assistance	**100%**	**19**
Lending Support*	**89%**	**17**
Guidance w/ Other Assistance Programs	68%	13
Business Plan (and other documentation) Review	63%	12
Pivots to Online Business Platforms	63%	12
Online/Digital Marketing	47%	9
Financial Wellness	42%	8
Technology Services	32%	6
Credit Counseling	26%	5
Other	26%	5
Business Incubation	16%	3

** Funds granted for lenders were not used to re-loan to businesses and nonprofits; Organizational capacity was stabilized so they could provide lending support*

Grantee organization representatives went on to provide specific feedback relative to how the BAR funds extended their ability to provide innovative modes of technical assistance and support for their business clients:

> *Thanks to ACC for funding our new e-commerce platform…which is designed specifically to assist small businesses and entrepreneurs to reach a new, broader audience of customers while also providing a safer alternative to current customers. The site will enlist our Business Development Specialists to provide guidance and training on updating business models, tracking online inventory, logistics, COVID-19 response, financial management, and more.*

In addition to enhancing the ways in which grantee organizations were able to assist businesses and nonprofits through technological platforms, grantee organizations describe how the BAR funds helped expand levels of technical assistance for business who were gravely impacted from pandemic challenges:

> *…a newcomer to Knoxville's flourishing microbrewer community launched just a few months prior to the onset of COVID. They have been severely impacted by mandatory shutdowns and occupancy limitations. [We provided] loan deferrals and deepened the level of technical assistance required to help pivot their business model to include take-out and appropriately distanced serving as well as maintain operations while the economy recovers.*

Grantees also noted that the BAR funds allowed them to boost current technical assistance services, through expanding their reach and frequency of engagement with clients. For some this meant strengthening rapport and relationships with current clients. For others, it meant gaining new clients as well. One grantee representative said, "Because we were already doing technical assistance it [BAR funding] really allowed us to accelerate our assistance and services." Others mentioned the following:

> *Having the additional support from ACC/BAR allowed us to be intentional about touching base with clients to make sure that we were understanding their cashflow needs, if they were applying for PPP loans, and if we could help with that and if that translated into their loan stability.*

BAR funds played a critical role in how grantees were able to expand their lending capacity and help more clients than ever before. Grantee organizations reported portfolio growth and enhanced ability to extend supports to additional businesses in their respective regions. One grantee organization stated, "We closed significantly higher loans than we had the year prior in areas that were not just in the immediate area that we typically serve." Overall, the ability to close more loans and gain new clientele at an economically challenging time speaks to how impactful the work of grantees was during this crisis.

BAR Program Implementation

This section highlights insights related to grantee organizations' experience with challenges due to the COVID-19 pandemic. Data shows how the BAR program funds were implemented and deployed to grantees in response to pandemic challenges. This section is guided by the following evaluation question:

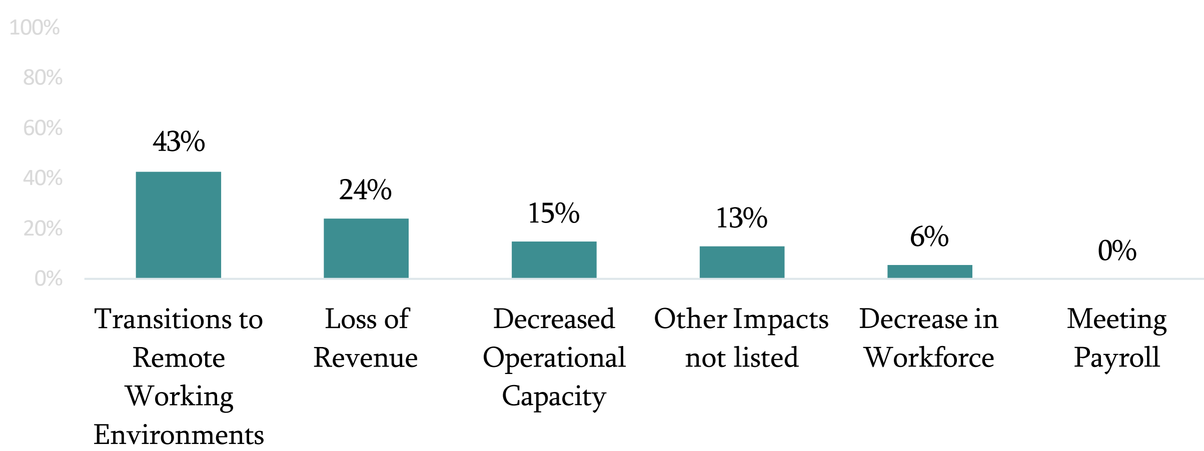
Were there any issues in implementation? Were funds efficiently deployed?

Shifts Due to COVID-19 Pandemic

In 2020, the COVID-19 pandemic presented a number of challenges for grantees in the Appalachian region. During the crisis, grantee organizations reported experiencing a number of obstacles, shown in Figure 5. Transitions to remote working environments was the most common obstacle among lenders. Other obstacles experienced included:

- Unprecedented demand for funding, services, and payment relief/support
- Being in "response mode" versus "business-as-usual" mode
- Delayed real estate development pipeline, which caused deals to back up
- Consistency in staffing due to quarantine protocols and COVID-19 exposure

Figure 5: Common pandemic related obstacles experienced by grantees



Lenders also reported having to shift their lending practices to cover Paycheck Protection Program (PPP) loans while putting strategic lending on hold. Some examples of this were the creation of various COVID response loan products, as well as programs to give rent relief and defer principal and interest payments. For loans already in place, it was important to create new loan guidelines for businesses impacted by COVID. Other supports were put in place such as COVID-specific educational offerings and forums used to broadcast useful and relevant information regarding grant opportunities. Lenders themselves had to adopt remote work practices with video calls and new technology platforms as well.

Implementation and Deployment of BAR Funds to Grantees

In response to COVID-19 pandemic challenges, the ACC/BAR funding was the earliest grant most of the grantees received. According to grantees, the program was responsive and gave clear information about funding disbursement and expectations. One grantee representative said,

> *This grant was one of those that I felt was really well put together… the application was straightforward. The questions that were asked were logical; they made sense and they were easy for us to answer. There wasn't an incredible burden of giving us tons of data and metrics you're going to measure; you know really complicating the process. It was clean and simple. We got the money quickly.*

Another aspect of the ACC/BAR funding that grantees repeatedly commented about, was the flexibility of the funding. Given the uncertainties of COVID, it was beneficial that the funding was not restrictive and grantees had the agency to use it for operational support (i.e. salaries, rent, utilities, insurance, and any other regularly incurring expense for the organization) and/or funding support for direct technical assistance to small businesses and nonprofits. Grantees noted that throughout the pandemic, the ACC/BAR funding provided the luxury of having options and flexibility for funding. One grantee representative highlighted that out of all the grants their organization received, the ACC/BAR was the most flexible and provided much needed room to meet specific client needs.

Overall, data revealed that grantees were satisfied with the ACC/BAR Grant Funding Program. The application process was straight-forward, manageable, and streamlined. Grantees appreciated the fact that they received funding quickly and during the early start of the pandemic. Grantees were able to receive funding quickly upon submitting applications, where 67% of grantee survey respondents reported receiving funds within 1-2 weeks of submitting the application. Survey data also revealed that on average, grantees were extremely satisfied with ACC/BAR's program communications, responsiveness to shifts due to the pandemic, as well as the evaluation and reporting process. Figures 6 and 7 provide a breakdown of respondent data from the grantee survey.

Figure 6: Length of time it took to receive ACC/BAR grant funds/support

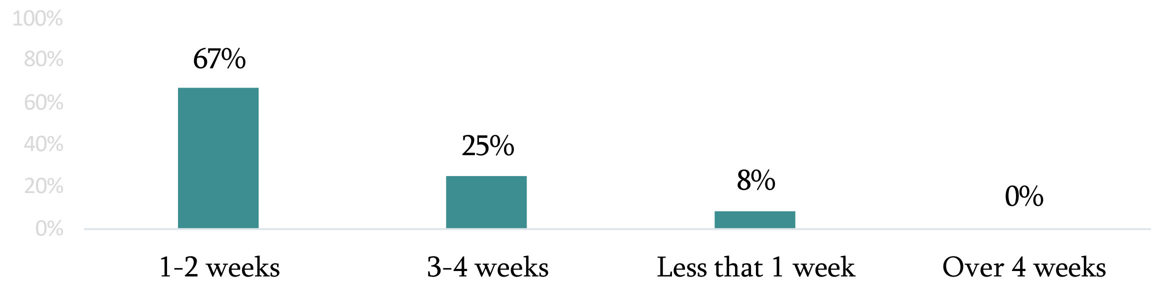
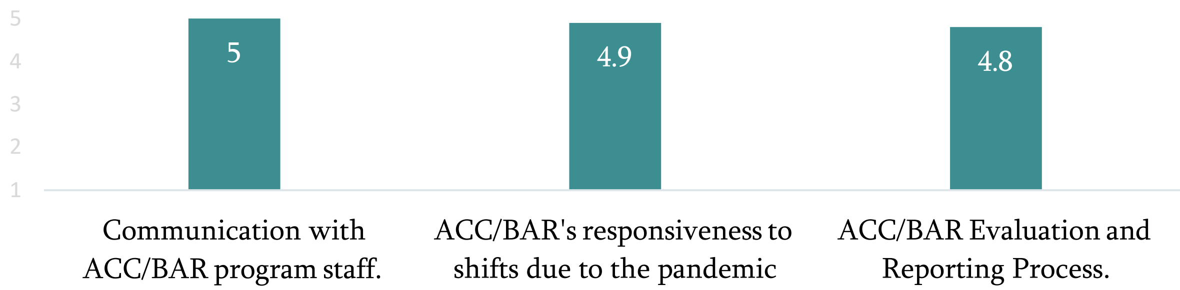


Figure 7: Grantee's Satisfaction with BAR Program Implementation (5= Extremely to Satisfied to 1= Extremely Dissatisfied)



Equity in Lending Practices

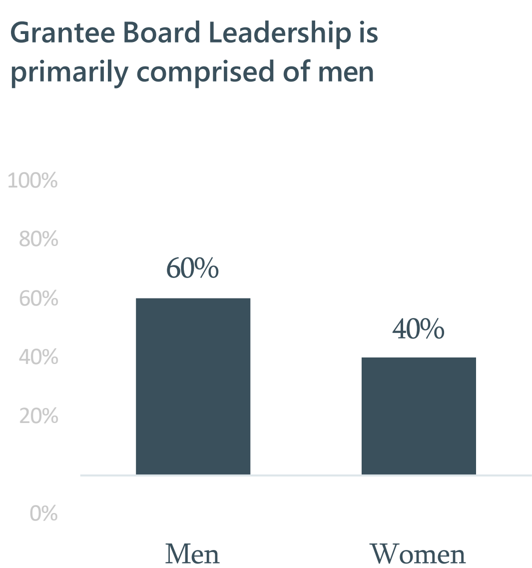
Using an equity lens, various measures were analyzed to understand how ACC/BAR funds were equitably distributed to support different populations within Appalachia. Also, data were analyzed to examine grantee organization leadership demographics, seeking to understand the extent to which the BAR program was successful in supporting a diversity of peoples and missions. Data in this section were guided by the following evaluation question:

Was there equitable distribution of lending?

Grantee Organization Board Leadership Demographics

Grantee organization board member demographics were analyzed to determine the equity distribution of gender and race across lender leadership. Verification of race was possible for 54% of board leadership (n=191) and it was discovered that 71% were white and 29% were BIPOC. Gender was verified for all board members (n=350) and data showed that 60% were men, and 40% were women.

Figure 8: Race and gender breakdown for grantee Board Leadership



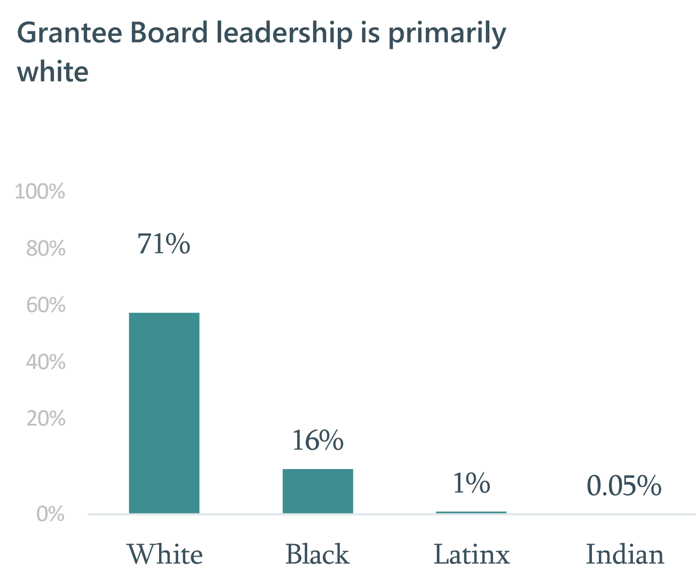
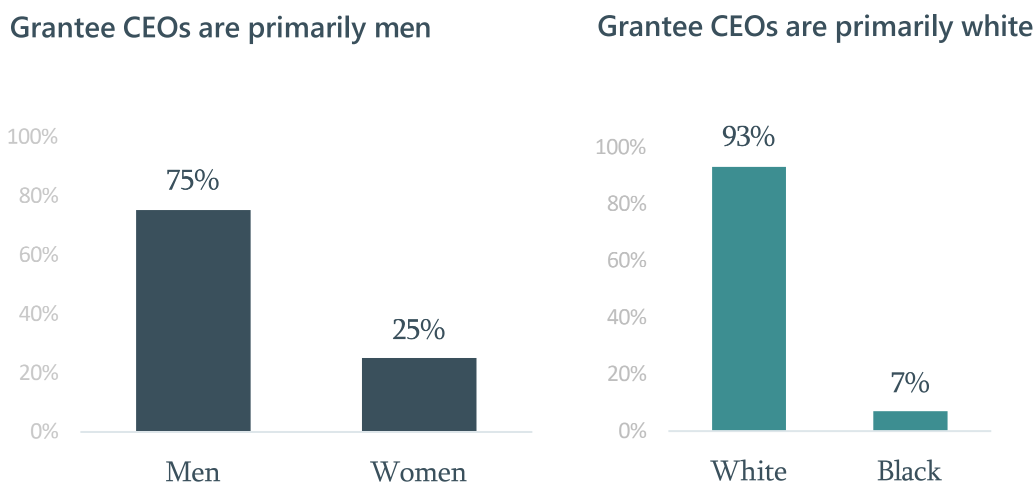


Figure 9: Race and Gender Breakdown for Grantee CEO



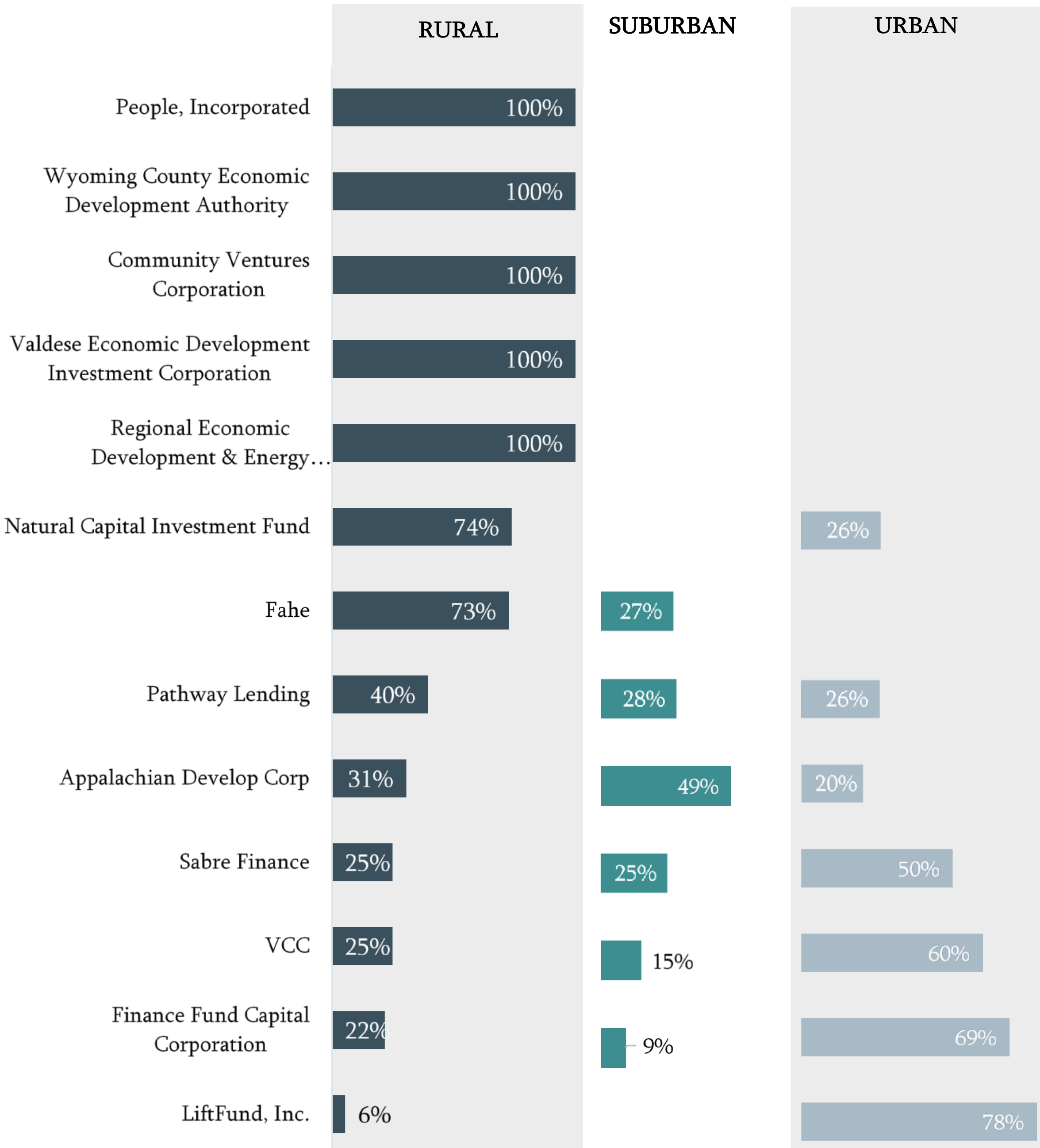
Demographics of Businesses and Nonprofits Served

According to grantee organizations surveyed, 38% of reported exclusively serving businesses located in rural communities. To put this in context, a total of 42% of the region's population overall is rural, compared with 20% of the national population. Figure 10 provides percent totals rural, suburban and urban categorized businesses and nonprofits served by grantees. Survey data were also captured regarding the number of BIPOC-owned and women-owned businesses were served amongst grantees. Overall, a total of 62% of reported businesses/nonprofits were either ethnic minorities or women-owned[4]. (See Appendix C for more information).

[4] This specific data needed to be externally validated, as this specific data are not commonly reported amongst

lender organizations. Data should be examined with caution until data can be verified for accuracy.

Figure 10: Percent of total businesses/nonprofits served that are rural, suburban, and urban (n=13)



Startup vs. Established Businesses

A sampling of businesses was used for this analysis. The date of establishment was recorded and analyzed for 10% of businesses in each reported state[5]. There were 525 total businesses analyzed overall, in 11 states. Businesses were considered a “Startup” if their establishment date was after June 1, 2016 (5 years prior). Data showed that a total of 37% (n=194) of businesses were considered startups, and 63% (n=331) were established. Data was plotted geographically, and the state of Kentucky had the highest percentage of startups overall (47%), followed by North Carolina at 42% *(see Figure 12– refer to Appendix B4 for more information).*

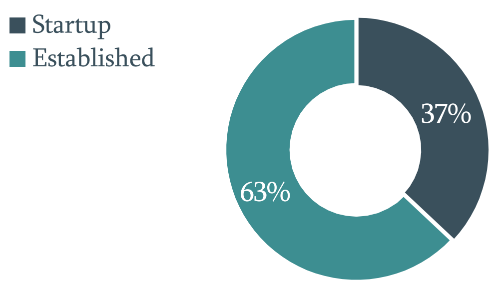
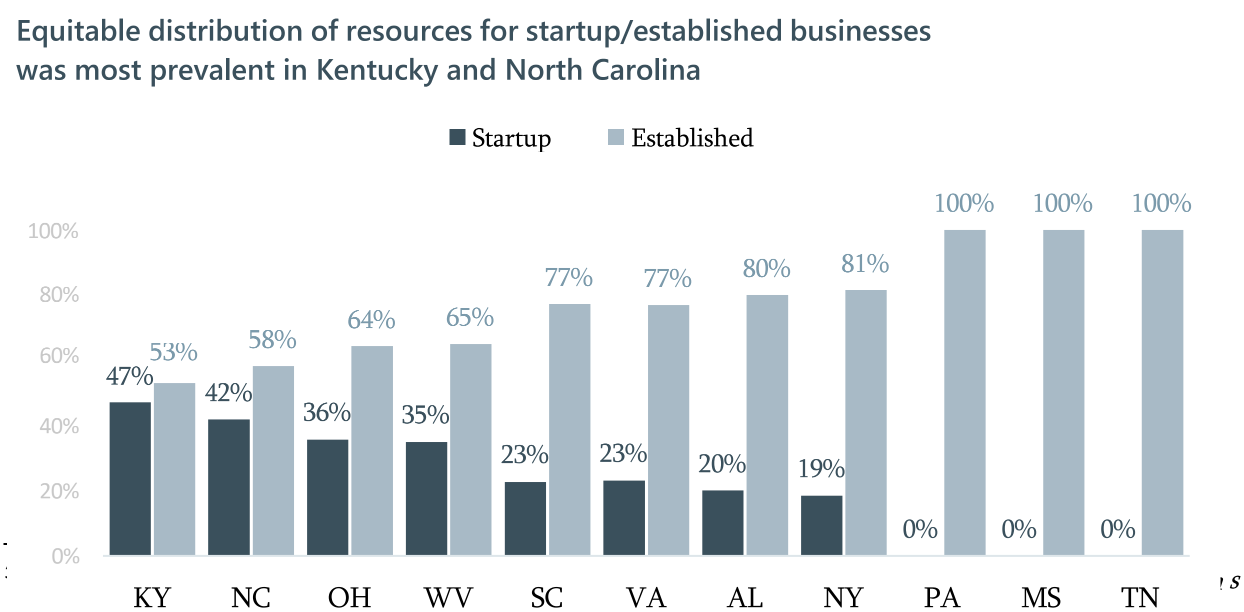


Figure 12: Distribution of Startup/Established Businesses by State



Conclusions and Considerations for Potential Program Development

The purpose of this evaluation was to answer key questions about the impact, implementation, and equitable distribution of BAR program funds throughout the Appalachian region. Quantitative and qualitative data from grantees were collected throughout the evaluation process via supporting grant documentation, surveys, and interviews. The evaluation examined the size, scope and impact of the program. Further, the data provided a holistic understanding of how BAR funding flowed across the region to stabilize lenders; which in turn, helped them support specific nonprofits and small businesses, disaggregated by location, section, mission, and communities served. This section summarizes these findings and suggests data-informed ways to improve iterations for future programming.

Impact

By supporting the stabilization of the grantee lending organizations, the BAR grant program had far reaching impact across the Appalachian region for small businesses and nonprofits. Data shows that the program exceeded key output and outcome metrics relative to number of business supported and businesses improved, with 9,541 businesses and nonprofits reached and 95% of businesses and nonprofits reporting improvements. Additionally, grantees reported how the BAR program helped support the retainment 40,382 jobs for small businesses and nonprofits in the Appalachian region. Data also gave light to specific technical assistance and support given to small businesses and nonprofits. These supports include, but are not limited to the following:

- Innovative loan deferment stimulus programs
- Funding of e-commerce and other technological platforms to support transitions to remote business models
- CARES Act funding administrative support and assistance
- Counseling for business model pivots due to the pandemic

Implementation

As evidenced through the data compiled in this evaluation, grantees expressed general satisfaction and provided positive feedback regarding the funding program's flexibility, manageability, conciseness, and responsiveness. Grantees were appreciative of how fast the funds were disbursed after applications were submitted and how early they received them, within the context of the pandemic period. Most grantees received the grants at the start of the pandemic, that played a major role in early stabilization efforts and the ability to provide for clients' needs early on.

Equitable Distribution

Using an equity lens, data revealed that grantee organization leadership is primarily comprised of white men. While this does not reflect diverse leadership amongst grantee organizations, a majority of grantee organizations reported that over half of businesses and nonprofits that they support are minority-owned or women-owned. Also, 38% of grantees reported serving exclusively businesses located in rural communities. Additionally, based on a representative sample of businesses, a majority of businesses supported by grantee lending organizations were relatively established, as they have been in business for 5 or more years.

Future Considerations

Expansion of the funding program and opportunities for learning and sharing best practices.

Given the far-reaching impact of the BAR grant funding program, it would be advantageous for ACC to take the lead in providing a platform for learning and sharing of best practices of business weathering the pandemic and beyond. One grantee representative suggests organizing cohort networking groups, where business owners, nonprofits leaders, and lending organizations can share their experiences and best practices for maintaining establishment during the pandemic and beyond.

Provision of strategies on how the BAR program can support grantees and their clients with long-term effects of the pandemic.

There is a need to think about how programs like BAR can respond to long-term effects that persist after early challenges of the pandemic have been mitigated. As stated by one grantee organization representative, “We still need our customers right now. Although we still have active programs, we need to think about long term effects – of how this will affect our customers and our portfolio.” Given that resources are finite, funds will deplete, and needs will continue to exist, strategies for maintaining support as the pandemic persists should be codified.

In-depth exploration of diversity and inclusion variables amongst lending organizations and businesses/nonprofits in Appalachian region.

In an attempt to disaggregate factors of diversity amongst grantee organizations, we noticed an instance of data mismatch, where the number of business and nonprofits served was not the same in the survey data and the grant reports. Further, we were not able to reconcile some differences in reported numbers for BIPOC-owned and women-owned businesses and nonprofits served. There is an opportunity to understand more about specific factors of equity and diversity for businesses and nonprofits in Appalachia by refining how data is collected throughout the grant cycle. Grant report documentation should be refined to include more variables that will allow one to examine aspects of diversity and equity among lenders, small businesses, and nonprofits. Further, conducting research of minority small businesses and nonprofits in Appalachia is a great step toward ensuring that lender organizations are reaching diverse constituents and that lending organizations have adopted equitable lending policies, practices, and programs to address the needs of all underserved populations and communities in the region.

Appendix A: Evaluation Methodology

The evaluation utilized a mixed-methods design, leveraging document review, surveys, and interviews with the 31 grantee organizations throughout the year-long grant cycle ending April 30, 2021. The evaluation methodology sought to create a robust typology that provides insight to the BAR program's implementation, impact, and reach across the Appalachian region, resulting in a holistic understanding of how BAR funding flowed across the region to stabilize lenders, how this stabilization helped them support specific nonprofits and small businesses, disaggregated by location, section, mission, and communities served. Further, the methodology employed an equity lens, in order to understand the how the BAR program was successful in supporting a diversity of peoples and missions. The evaluation addressed the following questions:

- Were there any issues in implementation? Were funds efficiently deployed?
- How did the ACC funds help stabilize grantee organizations?
- What was the size and scope of the lending across Appalachia?
- Was there equitable distribution of lending?
- What was the impact of these lending practices on the grant-awarded small businesses and nonprofits?

Document Review

In collaboration with Rural Support Partners, documentation of grant applications and quarterly reports were reviewed, to create a robust list across the region of how the $3.56 million was disseminated across grantee organizations. Further, data were analyzed to provide a synopsis of how these funds were used to stabilize lender organizations and support small businesses and nonprofits across the region through infused capital and technical assistance. Performance measures analyzed within grant reports included the following metrics:

- Businesses and/or nonprofits served
- Number of businesses and/or nonprofits improved or sustained
- The dollars deployed in response to need
- Number of new or modified loans
- Amount of loans provided to borrowers through private resources

Grantee Organization Surveys

A survey was developed in collaboration with ACC/BAR project staff. (See Appendix C for Survey Analysis). The goal of the survey was to understand the full impact of the BAR program during the COVID-19 pandemic and its ability to help stabilize and support Appalachia's small businesses and nonprofits impacted by the COVID-19 crisis. Survey items included a series of close-ended items on a 1-5 Likert scale where 1= "Strongly Disagree" and 5= "Strongly Agree" as well as open-ended items in response to implementation, equity, and impact of the program. The survey data were collected through Qualtrics and monitored by PIE staff from February to March 2021. A total of 25 CDFI members representing 23 lending institutions responded to the survey. This is a sample of 72% of the overall cohort receiving funds.

Grantee Organization Interviews

An interview protocol was created in collaboration with ACC/BAR project staff. (See Appendix D for Grantee Organization Interview Analysis). From March to May 2021, PIE Org facilitated 30-45-minute interviews with nine Community Development Financial Institutions (CDFIs) and other mission-based lenders that were funding recipients of the 2020 ACC/BAR Grant Funding Program. The interviews were audio recorded with the explicit oral consent of each interviewee. After each interview, the evaluation team uploaded the recording to a network drive, replayed the interview, and took detailed notes about the conversation. Important quotes were transcribed. During this process, the evaluation team met regularly to discuss the interview process and the findings that emerged from the data. Grantee organizations that participated in the interviews include the following:

1. Sabre Finance
2. Access to Capital for Entrepreneurs (ACE)
3. Wyoming County EDA
4. Virginia Community Capital
5. Southeast Kentucky Economic Development
6. Pathway Lending
7. Lift Fund
8. SC Community Loan Fund
9. Bridgeway Capital

Appendix B1 – Grantee Award Allocation

Award allocation by primary financial areas – by grantee

Grantee Organization	Personnel	Fringe Benefits	Supplies	Travel	Other (Rent - Utilities)	Contractor/Technical Assistance
Access to Capital for Entrepreneurs	$ 125,000.00	$ 25,000.00	$ -	$ -	$ -	$ -
Alternatives Federal Credit Union	$ 127,182.16	$ 41,351.76	$ -	$ -	$ -	$ 10,000.00
Appalachian Development Corporation	$ 105,000.00	$ -	$ -	$ -	$ -	$ -
Appalachian Growth Capital	$ 40,112.00	$ 12,034.00	$ -	$ 24.00	$ -	$ -
Bridgeway Capital	$ 175,860.00	$ 35,884.00	$ -	$ -	$ 10,000.00	$ -
Carolina Small Business Development Fund	$ 57,500.00	$ -	$ 5,000.00	$ -	$ 37,500.00	$ 10,000.00
Center for Rural Health Development DC	$ 37,117.10	$ 10,468.00	$ 1,926.15	$ 320.86	$ 17,168.68	$ 57,163.00
Chautauqua County IDA	$ 75,000.00	$ 26,000.67	$ -	$ -	$ -	$ 14,000.67
Community Ventures Corporation	$ 15,000.00	$ 5,556.20	$ 1,578.26	$ -	$ 8,552.58	$ -
Community Works	$ 38,396.00	$ 4,326.00	$ 12,912.00	$ -	$ -	$ 14,366.00
FAHE	$ 200,000.00	$ -	$ -	$ -	$ -	$ -
Finance Fund Capital Corporation	$ 50,000.00	$ -	$ -	$ -	$ -	$ -
Foundation for Appalachian Kentucky	$ 100,000.00	$ 12,000.00	$ -	$ -	$ -	$ -
Kentucky Highlands Investment Corporation	$ 93,357.00	$ 36,642.00	$ -	$ -	$ -	$ -

Grantee Organization	Personnel	Fringe Benefits	Supplies	Travel	Other (Rent - Utilities)	Contractor/Technical Assistance
Lift Fund	$ 9,000.00	$ -	$ -	$ -	$ 69,573.00	$ -
Mountain Assoc. for Community Economic Development	$ 60,541.00	$ 17,357.00	$ -	$ -	$ 24,095.00	$ 23,007.00
Mountain Bizworks	$ 41,250.00	$ 7,500.00	$ 5,625.00	$ -	$ 13,125.00	$ 22,500.00
Natural Capital Investment Fund	$ 164,990.58	$ 30,194.90	$ 5,000.00	$ 7,701.00	$ 141,792.63	$ -
New River Gorge	$ 50,000.00	$ 20,000.00	$ -	$ -	$ 10,000.00	$ -
Pathway Lending	$ 91,356.51	$ 28,106.60	$ -	$ -	$ 36,233.04	$ 10,303.00
People Incorporated Financial Services	$ 67,745.00	$ 27,050.00	$ 12,265.00	$ 540.00	$ 2,400.00	$ 5,000.00
Piedmont Business Capital	$ 93,333.00	$ -	$ -	$ -	$ -	$ -
Regional Energy Devel. Corp	$ 43,443.00	$ 15,666.00	$ 483.00	$ 483.00	$ 2,793.00	$ -
Sabre Finance	$ 127,300.00	$ 26,733.00	$ 16,966.00	$ 1,300.00	$ 39,600.00	$ -
SC Community Loan Fund	$ 47,916.00	$ 9,583.00	$ -	$ -	$ -	$ -
Southeast Kentucky Economic Development	$ 102,804.00	$ 26,715.00	$ -	$ -	$ -	$ -
Three Rivers Planning and Development District	$ 41,427.69	$ -	$ -	$ -	$ -	$ 89,658.74
Valdese Economic Development Corp	$ 66,438.36	$ 3,538.00	$ -	$ 1,144.34	$ 824.00	$ 4,063.00
Virginia Community Capital	$ 125,000.00	$ -	$ -	$ -	$ -	$ -
Woodlands Community Lenders	$ -	$ -	$ 9,764.00	$ -	$ 15,226.00	$ 55,000.00

Grantee Organization	Personnel	Fringe Benefits	Supplies	Travel	Other (Rent - Utilities)	Contractor/Technical Assistance
Wyoming County EDA	$ 108,000.00	$ -	$ 12,000.00	$ -	$ -	$ 1,650.00
Grand Total	**$ 2,480,069.40**	**$ 421,706.13**	**$ 83,519.41**	**$ 11,513.20**	**$ 428,882.93**	**$ 316,711.41**

Grantees and amounts awarded

GRANTEES	Total Award Amount	% of Total
Natural Capital Investment Fund	$200,000.00	6%
FAHE	$200,000.00	6%
Pathway Lending	$166,000.00	5%
Bridgeway Capital	$150,000.00	4%
Appalachian Growth Capital	$150,000.00	4%
Three Rivers Planning and Development District	$150,000.00	4%
Access to Capital for Entrepreneurs	$150,000.00	4%
Community Ventures Corporation	$135,000.00	4%
Sabre Finance	$134,000.00	4%
Kentucky Highlands Investment Corporation	$130,000.00	4%
Virginia Community Capital	$125,000.00	4%
SC Community Loan Fund	$125,000.00	4%
Mountain Assoc. for Community Economic Development	$125,000.00	4%
Mountain Bizworks	$120,000.00	3%
Southeast Kentucky Economic Development	$120,000.00	3%
Alternatives Federal Credit Union	$120,000.00	3%
Center for Rural Health Development DC	$117,000.00	3%
Chautauqua County IDA	$115,000.00	3%
People Incorporated Financial Services	$115,000.00	3%
Foundation for Appalachian Kentucky	$112,000.00	3%
Appalachian Development Corporation	$105,000.00	3%
Carolina Small Business Development Fund	$100,000.00	3%
Lift Fund	$90,000.00	3%
New River Gorge	$80,000.00	2%
Woodlands Community Lenders	$80,000.00	2%
Community Works	$70,000.00	2%
Piedmont Business Capital	$70,000.00	2%
Regional Energy Devel. Corp	$65,000.00	2%
Wyoming County EDA	$60,825.00	2%
Finance Fund Capital Corporation	$50,000.00	1%
Valdese Economic Development Corp	$40,000.00	1%
Total	**$3,569,825.00**	**100%**

Total and average award spent in key financial areas

Financial Area	Total	% of total	Average Spent per CDFI
Personnel	$2,480,069.40	66%	$80,002.24
Other (Rent, Utilities, etc.)	$428,882.93	11%	$13,834.93
Fringe Benefits	$421,706.13	11%	$13,603.42
Contractors (e.g. technical assistance)	$316,711.41	8%	$10,216.50
Supplies	$83,519.41	2%	$2,694.17
Travel	$11,513.20	.3%	$371.39

Appendix B2: Grantee Names/Abbreviations

Grantee Names and Abbreviations

CDFI Name	Abbreviation
Access to Capital for Entrepreneurs	ACE
Alternatives Federal Credit Union	Alternatives
Appalachian Development Corporation	ADC
Appalachian Growth Capital	AGC
Bridgeway Capital	Bridgeway
Carolina Small Business Development Fund	Carolina Sm. Business
Center for Rural Health Development DC	Center for Rural Health
Chautauqua County IDA	Chautauqua
Community Ventures Corporation	Community Ventures
Community Works	CW
FAHE	Fahe
Finance Fund Capital Corporation	FFCC
Foundation for Appalachian Kentucky	FAKY
Kentucky Highlands Investment Corporation	KHIC
Lift Fund	LiftFund
Mountain Assoc. for Community Economic Development	MACED
Mountain Bizworks	Mt. BizWorks
Natural Capital Investment Fund	NCIFund
New River Gorge	New River Gorge
Pathway Lending	Pathway
People Incorporated Financial Services	PIFS
Piedmont Business Capital	Piedmont
Regional Energy Devel. Corp	REDEC
Sabre Finance	Sabre
SC Community Loan Fund	SCCLF
Southeast Kentucky Economic Development	SKED
Three Rivers Planning and Development District	Three Rivers
Valdese Economic Development Corp	VEDIC
Virginia Community Capital	VCC
Woodlands Community Lenders	Woodlands
Wyoming County EDA	Wyoming Co.

Appendix B3 – NAICS Industry Listings

NAICS listing of primary industries and businesses

Code	Industry Title	# Business Establishments
54	Professional, Scientific, and Technical Services	2,426,347
81	Other Services (except Public Administration)	1,950,496
44-45	Retail Trade	1,829,808
62	Health Care and Social Assistance	1,772,014
56	Administrative and Support and Waste Management and Remediation Services	1,615,690
23	Construction	1,531,519
72	Accommodation and Food Services	915,629
53	Real Estate Rental and Leasing	892,199
52	Finance and Insurance	790,163
42	Wholesale Trade	703.250
31-33	Manufacturing	646,567
48-49	Transportation and Warehousing	622,292
61	Educational Services	431,374
71	Arts, Entertainment, and Recreation	383,209
11	Agriculture, Forestry, Fishing and Hunting	378,985
51	Information	375,431
92	Public Administration	255,711
55	Management of Companies and Enterprises	75,547
22	Utilities	48,541
21	Mining	32,553

Industries reached – ranked high to low by total saturation

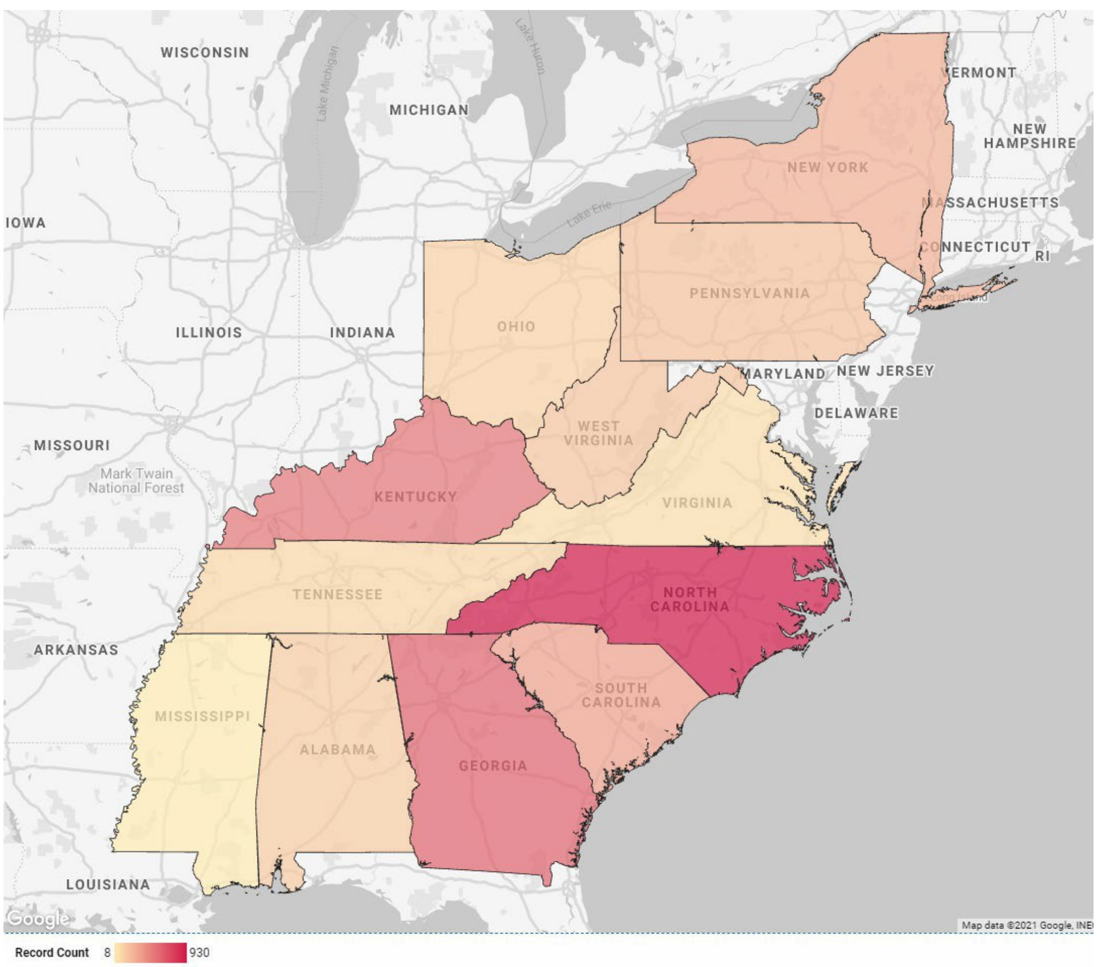
Industries Reached (per NAICS categorization)	# of businesses	% of total reported businesses
Other Services (except Public Administration)	1,028	17.4%
Accommodation and Food Services	854	14.5%
Retail Trade	714	12.1%
Health Care and Social Assistance	471	8.0%
Arts, Entertainment, and Recreation	400	6.8%
Manufacturing	367	6.2%
Agriculture, Forestry, Fishing and Hunting	335	5.7%
Construction	252	4.3%
Professional, Scientific, and Technical Services	250	4.2%
Real Estate and Rental and Leasing	228	3.9%
Educational Services	208	3.5%
Administrative and Support and Waste Management and Remediation Services	184	3.1%
Transportation and Warehousing	182	3.1%
Wholesale Trade	155	2.6%
Public Administration	134	2.3%
Finance and Insurance	74	1.3%
Information	34	0.6%
Utilities	17	0.3%
Mining, Quarrying, and Oil and Gas Extraction	4	0.1%
Management of Companies and Enterprises	3	0.1%
Laboratory	1	0.0%
Not Reported	*3,552*	-
Grand Total	**9,447**	-

When analyzing this data geographically, North Carolina had the highest saturation of Top 10 industries (27% of all businesses), and Mississippi had the least (.23%).

#/% of businesses operating in top 10 industries – by State

State	# of Businesses	% of Businesses	# of CDFI's Supporting
NC	930	27%	6
GA	605	17%	1
KY	523	15%	7
SC	335	10%	6
NY	261	8%	3
PA	188	5%	2
WV	180	5%	6
AL	152	4%	5
OH	116	3%	3
TN	98	3%	4
VA	67	2%	4
MS	8	0.23%	3
Grand Total	**3463**	**100.00%**	**30**

Number of businesses in the Top 10 industries by state



Appendix B4: Equity Measures

Startups vs Established businesses by State

	Startups		Established	
State	#	%	#	%
KY	56	47%	63	53%
NC	105	42%	146	58%
OH	5	36%	9	64%
WV	7	35%	13	65%
SC	10	23%	34	77%
VA	3	23%	10	77%
AL	3	20%	12	80%
NY	5	19%	22	81%
PA	0	0%	9	100%
MS	0	0%	2	100%
TN	0	0%	11	100%
Total	**194**	**37%**	**331**	**63%**

#/% Grantee board membership black/white, male/female

GRANTEE	# Board	# With Verified Race	# Black	# Latinx	# Indian	# White	% White	% Black	# Female	# Male	% Female	% Male
ACE	13	11	5			6	55%	45%	9	4	69%	31%
Alternatives	6	1	1				0%	100%	2	4	33%	66%
ADC	11	0					N/A	N/A	1	10	9%	91%
AGC	10	8				8	100%	0%	2	8	20%	80%
Bridgeway	18	12	4			8	67%	33%	4	14	22%	78%
Carolina Sm. Business	12	8	7			1	13%	88%	6	6	50%	50%
Center for Rural Health	18	18	1			16	94%	6%	14	4	78%	22%
Chautauqua	9	9				9	100%	0%	1	8	11%	89%
Community Ventures	11	6	2			4	67%	33%	3	8	27%	73%
CW	9	8				8	100%	0%	7	2	78%	22%
FAHE	19	7				7	100%	0%	12	7	63%	37%
FFCC	11	7	1			6	86%	14%	2	9	18%	82%
FAKY	10	7				7	100%	0%	5	5	50%	50%
KHIC	14	12				12	100%	0%	5	9	36%	64%
LiftFund	18	9	1	1	1	6	67%	11%	6	12	33%	67%
MACED	7	7	2			5	71%	29%	3	4	43%	57%
Mt. BizWorks	14	5	1			4	80%	20%	5	9	36%	64%
New River Gorge	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Pathway	8	4	1			3	75%	25%	2	6	25%	75%
PIFS	12	0					N/A	N/A	5	7	42%	58%
Piedmont	9	0					N/A	N/A	4	5	44%	56%
REDEC	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Sabre	6	3	1			2	67%	33%	2	4	33%	67%
SCCLF	12	6	3			3	50%	50%	4	8	33%	67%
SKED	10	7				7	100%	0%	4	6	40%	60%
NCIFund	11	2				2	100%	0%	3	8	27%	73%
Three Rivers	10	8				8	100%	0%	3	7	30%	70%

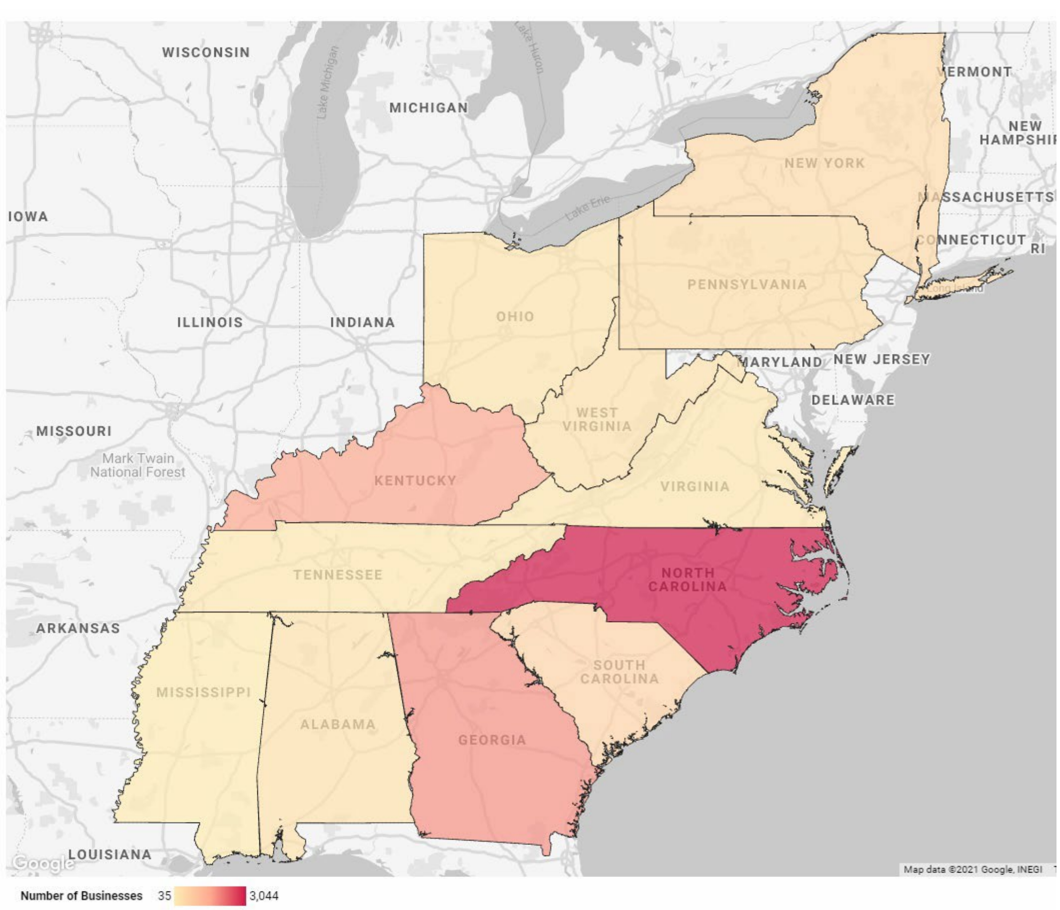
VEDIC	21	0					N/A	N/A	9	12	43%	57%
VCC	12	5	1	1		3	60%	20%	7	5	58%	42%
Woodlands	9	0					N/A	N/A	5	4	56%	44%
Wyoming Co.	20	0					N/A	N/A	5	15	25%	75%
Total	**350**	**191**	**31**	**2**	**1**	**135**	**80%**	**18%**	**140**	**210**	**40%**	**60%**

Appendix B5: States Served

States Served and # of Grantees Operating Within

State	# of CDFI's Operating Within	% of Total CDFIs
KY	10	32%
NC	9	29%
WV	9	29%
AL	6	19%
SC	6	19%
TN	6	19%
VA	6	19%
NY	5	16%
OH	5	16%
MS	4	13%
GA	3	10%
PA	3	10%

Business saturation by state



Appendix C: Grantee Organization Survey Analysis

Overview

The goal of the survey was to understand the impact of the ACC/BAR program during the COVID-19 pandemic and its ability to help stabilize and support Appalachia's small businesses and nonprofits impacted by the COVID-19 crisis.

A total of 25 Grantee Organization members representing 23 lending institutions responded to the survey. This is a sample of 72% of the overall cohort receiving funds. The following were represented in the sample:

Grantee	# Respondents
Access to Capital for	1
Appalachian Develop	1
Appalachian Growth	1
Bridgeway Capital	1
Center for Rural	1
Community Ventures	1
Fahe	1
Finance Fund Capital	1
Foundation for	1
Kentucky Highlands	1
LiftFund, Inc.	1

Grantee	# Respondents
Mountain Association	1
Natural Capital	1
New River Gorge	1
Pathway Lending	1
People, Incorporated	1
Regional Economic	1
Sabre Finance	1
South Carolina	1
Southeast Kentucky	1
Valdese Economic	2
VCC	2
Wyoming County	1

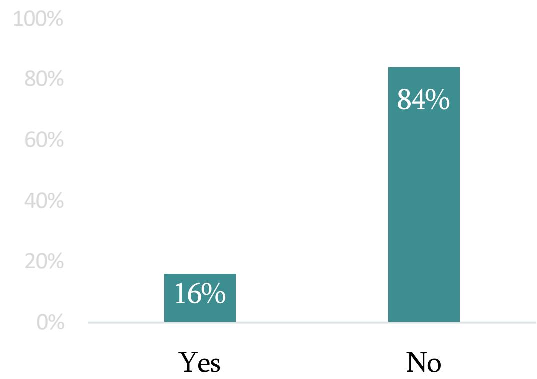
Key Finding

- Most lending institutions (84%) received grant funding from various sources, not exclusively ACC/BAR
- Transitions to remote working environments was the most common obstacle among lenders
- There was a timely delivery of funds/support from ACC/BAR and grantee organizations were very satisfied with all experiences while engaged
- Overall, a total of 62% of reported businesses/nonprofits were either ethnic minorities or women-owned and 38% of CDFI's reported serving exclusively businesses located in rural communities
- Providing access to financial and other resources and keeping staff employed were services that lenders were most able to provide.
- Grantee organizations provided technical assistance most heavily in the areas of funding and general business advisory

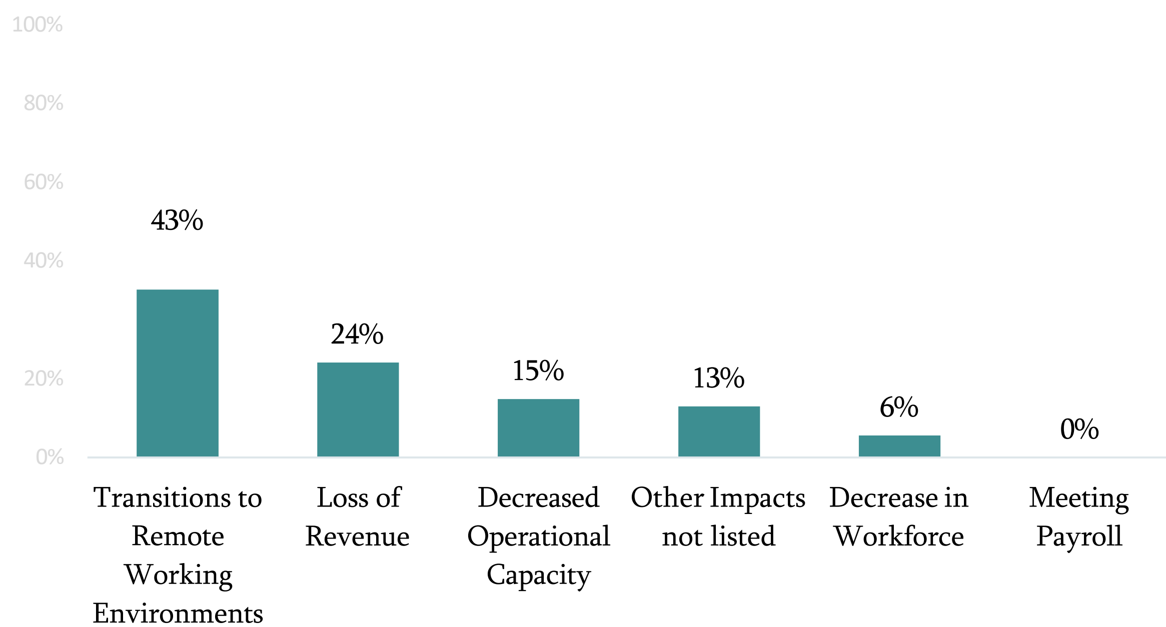
- Continued (flexible) funding to support small business recovery and general operating support are in most need going forward if ACC/BAR funding were to continue

Analysis

Q3 - Was ACC/BAR Grant Funding the only source of emergency financial support for your organization during the COVID-19 pandemic crisis?



Q4 - During the COVID-19 pandemic crisis, our organization experienced the following obstacles:



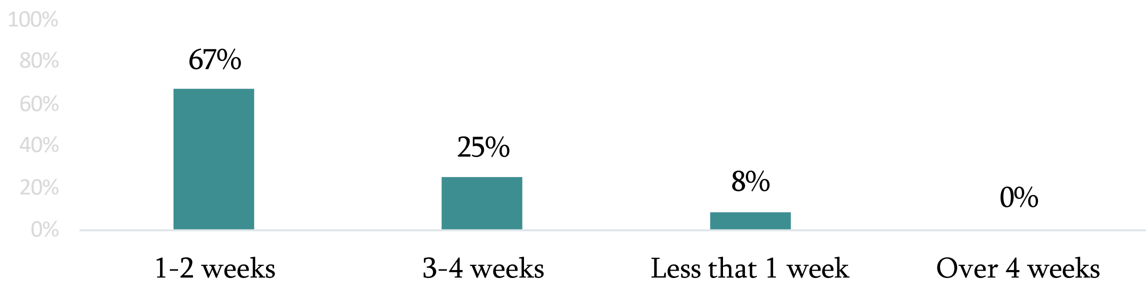
Other obstacles experienced included:

- Unprecedented demand for funding, services, and payment relief/support
- Being in response mode versus business as usual
- Real Estate Development delayed pipeline causing deals to back up
- Consistency in staff presence due to quarantining

Q5: Provide an example of shifts and pivots that your organization had to take due to the pandemic. (items in bold indicate repeated themes)

Lenders report having to shift their lending practices to cover PPP loans while strategic lending was put on hold. Some examples of this were the **creation of various COVID response loan products, as well as program**s to give rent relief and defer principle and interest payments. For loans already in place it was important to **create new loan guidelines for businesses impacted by COVID**. Other supports were put in place such as **COVID-specific educational offerings and forums** used to broadcast useful and relevant information regarding grant opportunities. Lenders themselves had to **adopt remote work practices** with video calls and new technology platforms as well.

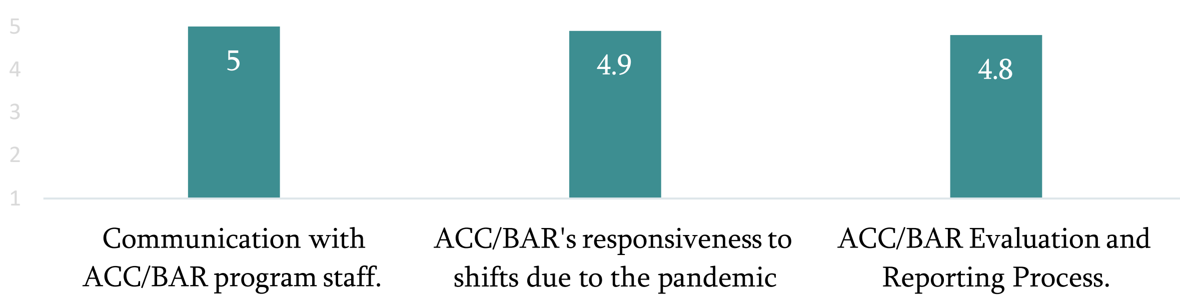
Q6 - Upon knowledge of selection for the program, how long did it take to receive ACC/BAR Grant funds and/or support?



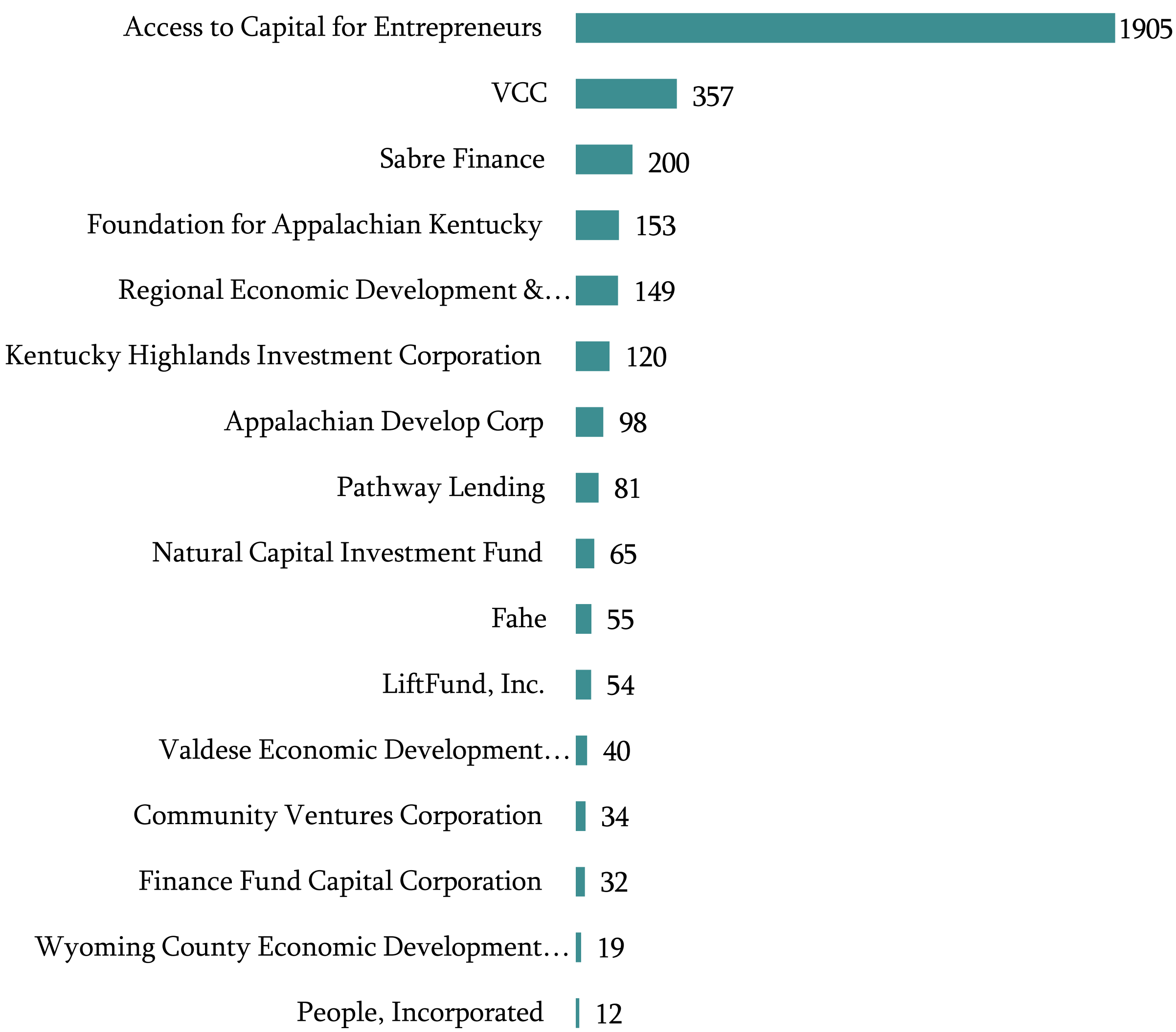
Q7: Rate your experience with the following while engaging with the ACC/BAR Grant Funding Program:
For the following question, responses were on a Likert scale where:

Extremely dissatisfied = 1
Dissatisfied = 2
Neither satisfied or dissatisfied = 3
Satisfied = 4
Strongly Satisfied = 5

The following chart shows each question averaged across all responses (n=24)

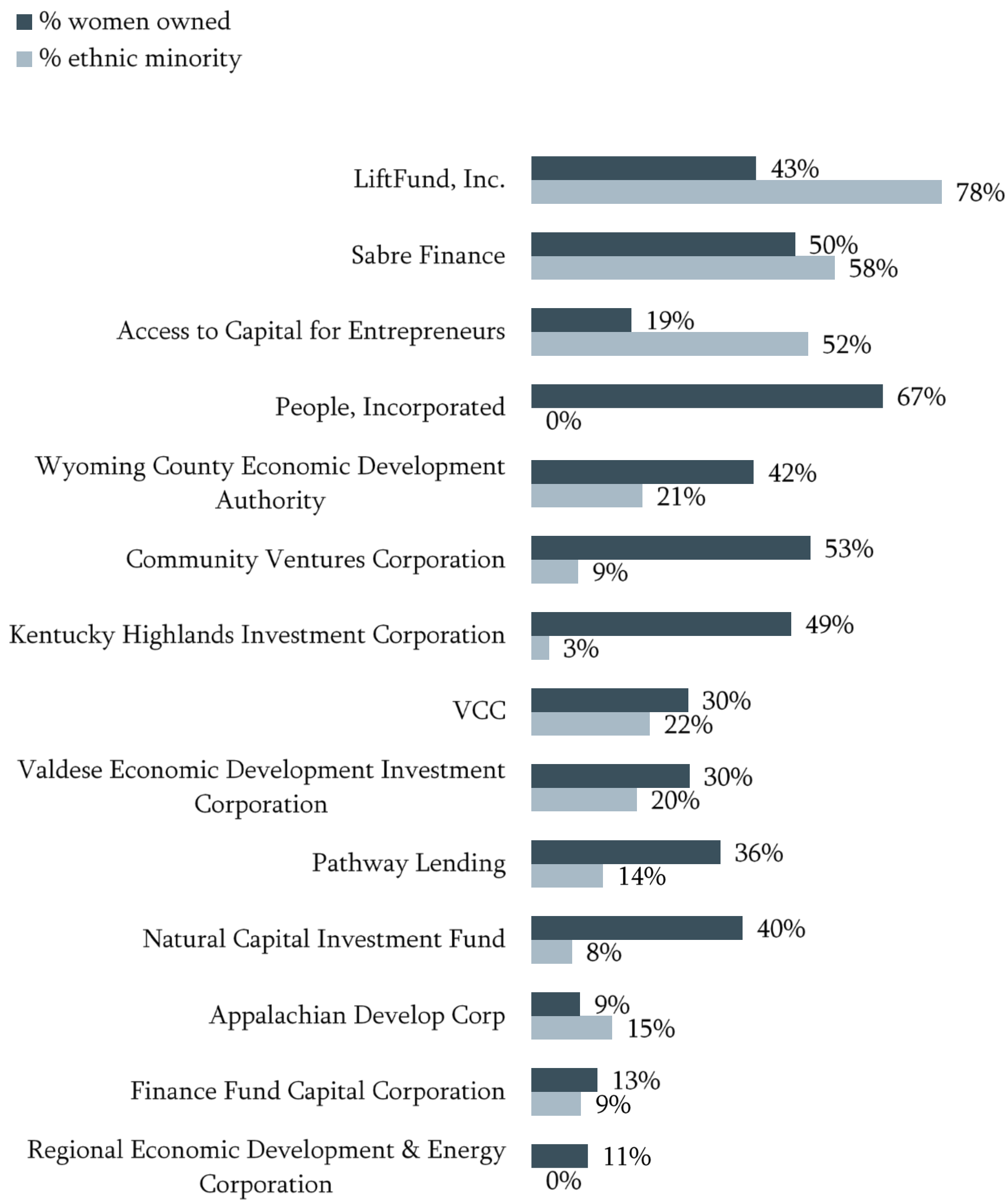


Q8: Number of Businesses/Nonprofits Served (n=16)



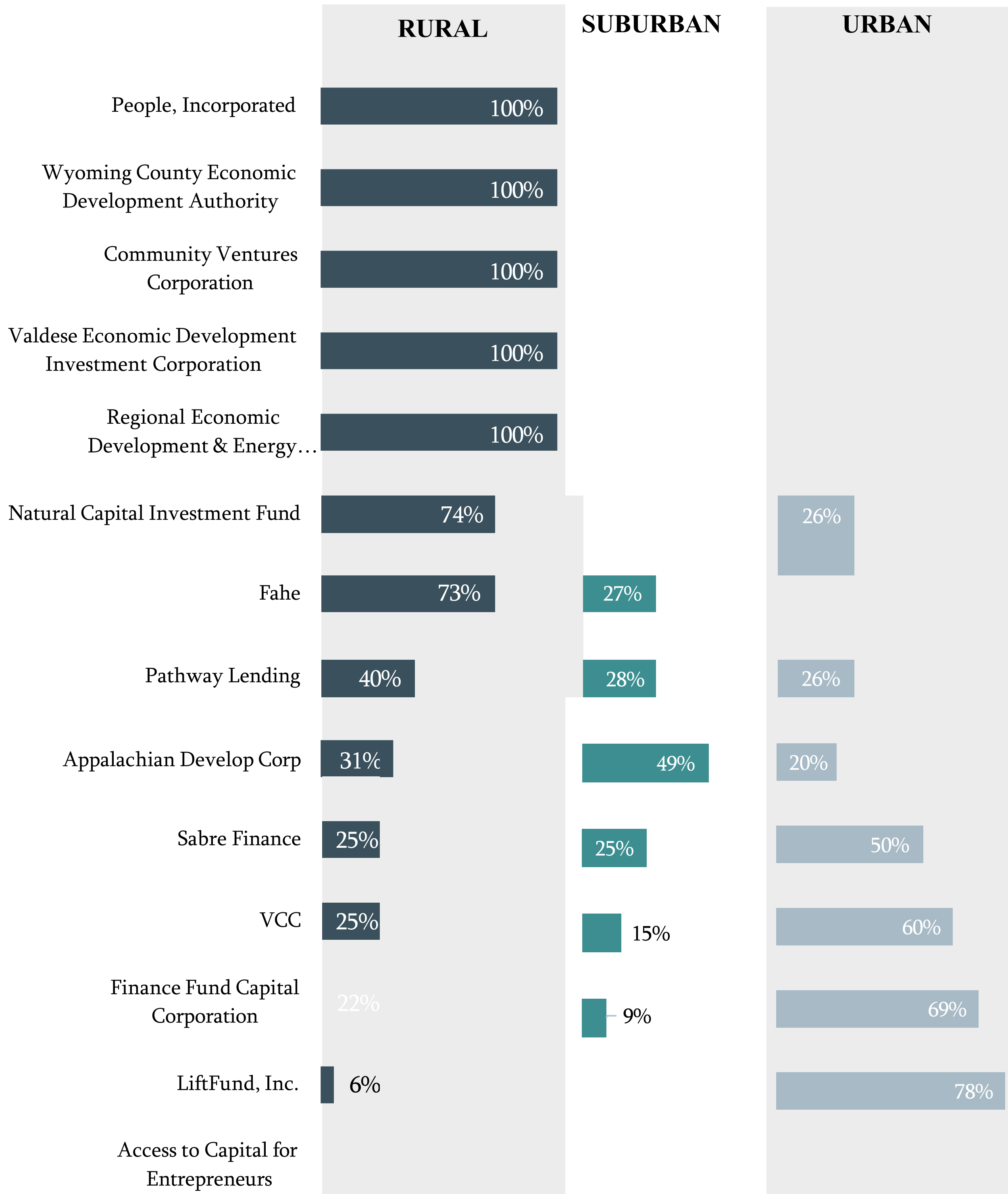
A total of 3,347 businesses/nonprofits were served among the 16 Grantee Organizations reporting.

Percent of Total Businesses/nonprofits Served that are BIPOC or Women-owned (n=14)



Overall, a total of 62% of reported businesses/nonprofits were either ethnic minorities or women-owned.

Q10: Percent of Total Businesses/Nonprofits Served that are Rural, Suburban and Urban (n=13)



For the following question, responses were on a Likert scale where:

Strongly Disagree = 1
Disagree = 2
Neither Agree nor Disagree = 3
Agree = 4
Strongly Agree = 5

The following chart shows each question averaged across all responses (n=19)

Q11: As a result of participation in the ACC/BAR Grant Funding Program, Our Organizaion:

Overall, organizations had extremely positive results with the ACC/BAR Grant Funding Program, with averages mostly in the mid to upper range of satisfaction. Providing financial support to bridge the downturn as well as helping them keep their staff on payroll were the areas that had the highest level of agreement. Minimizing the loss of revenue appeared to be somewhat of an inevitable consequence of the pandemic, though was not true across the board completely.

Q12: Select the types of Technical Assistance and Support that you were able to provide to your small business and nonprofit clients through ACC/BAR Grant Funds (n=19):

	%	N
General Business Advisory Assistance	**100%**	**19**
Funding	**89%**	**17**
Guidance w/ Other Assistance Programs	68%	13
Business Plan (and other documentation) Review	63%	12
Pivots to Online Business Platforms	63%	12
Online/Digital Marketing	47%	9
Financial Wellness	42%	8
Technology Services	32%	6
Credit Counseling	26%	5
Other	26%	5
Business Incubation	16%	3

Overall, businesses were most able to provide general business advisory assistance and funding to businesses with ACC/BAR grant funds. Other areas not mentioned here, but which 26% of respondents noted were deferment of loan payments, affordable housing, payment relief, and operational consulting. While not considered Technical Assistance, were of importance to lenders to note

Q13: Please share a success story that highlights the impact of the ACC/BAR Grant Funding Program for your organization during the COVID-19 pandemic.

Lenders responded with a variety of stories of how ACC/BAR funding impacted their work with small businesses. Some of the themes seen across lenders were:

- Deferred loan payments
- Added new relief loan and stimulus programs
- Helped give access to remote technology
- Relieved businesses from lost income from end clients (rental income, product income, etc.)
- Gave administrative support to process excessive paperwork due to government loan applications, relief loans/applications, etc.
- Relieved CDFI of income downturn due to deferred loan payments
- Funded e-commerce platforms to help businesses in remote landscapes
- Aided nonprofits accessing CARES Act funding to support end clients
- Provided marketing support for start-up borrowers
- Group and individual counseling
- Aid restaurants in shifting to delivery models

The following are direct quotes of lenders illustrating specific ways the funding helped their constituencies:

Thanks to ACC funding our new ecommerce platform, Opllo which is designed specifically to assist small businesses and entrepreneurs to reach a new, broader audience of customers while also providing a safer alternative to current customers. Many of these businesses face similar challenges in modernizing their sales model by leveraging eCommerce technology. Our ecommerce platform is a destination for customers to shop and support an aggregate of local businesses within a given geographic area. These businesses have traditionally faced barriers including overhead costs, lack of technical expertise, lack of access to quality product photography/videography services and training. Opllo addresses these problems by creating a low barrier entry for businesses with low sustainable costs and a pre-built website platform with user-friendly customization options to meet the unique branding needs of each business. The site will enlist our Business Development Specialists to provide guidance and training on updating business models, tracking online inventory, logistics, COVID-19 response, financial management, and more. In turn, Opllo will also act as a lead platform, providing warm marketing to ensure customers and vendors alike are cognizant of CV's other loan products and offerings. Ultimately, our vision is to help customers and owners experience local, engage in their community, and enhance small businesses across Kentucky.

We helped nonprofit partners access just under $3M of Cares Act funding to support the end clients living in their communities and affordable housing properties. Homesource East TN, a nonprofit in Knoxville, TN received $591,000 through a reimbursement program to use to purchase technology to help residents in their properties stay connected. It was a reimbursement program. We provided them a loan to fund the technology purchases until reimbursement from the state. 200 people were served.

Keeping Fun Fitness Kids Club afloat through loan deferments, allowed them to participate in key outreach, programming, and partnership building which led them to receiving the 2020 WV Minority Business of the year by the US Small Business Administration.

Next Level Brewery (NLB) is a newcomer to Knoxville's flourishing microbrewer community and launched just a few months prior to the onset of COVID. They have been severely impacted by and mandatory shutdowns and occupancy limitations. Pathway Lending was able to provide loan deferrals and deepen the level of technical assistance required to help NLB pivot their business model to include growler take outs and appropriately distanced serving as well as maintain operations while the economy recovers. The veteran owned business is quoted as saying, *"Pathway wants us to succeed and is connecting us with as many tools and resources as they can to give us every opportunity to succeed,"*

The addition of Bridgeway's Emergency Lending product helped the organization reach 20% more borrowers during FY20 as compared to average numbers of loan deployment across the past four fiscal years. Bridgeway closed 125 loans in FY20.

- *40% of all loans and 41% of dollars lent went to African American-led enterprises.*
- *50% of loans and 65% of dollars lent went to women-led enterprises*
- *93% of dollars lent were to businesses and nonprofits*
- *774 jobs created or preserved*

We developed an emergency loan program which supported one Irish pub in Lumpkin county. In 2020, St. Patrick's Day business - normally the start of their busy season - was non-existent. The owner pivoted quickly to a streamlined menu and delivery services, but she needed capital due to the loss of revenues. She obtained $50,000 in working capital with specialized terms, enabling her to pivot to a more successful model and remain viable when so many restaurants were closing.

Q14 - What ideas do you have for replication and/or expansion of the ACC/BAR Grant Funding Program as the pandemic persists? (*below are themes that were seen across lenders)*

- Continuation of the T/A funds
- Additional marketing funds to continue outreach to businesses and tell success stories of businesses throughout the pandemic.
- General Operating support to help organizations survive the economic downturn, as well as support for staff time associated with rolling out a 3rd round of PPP
- Continued administrative funding support to make up for lost fees and interest on loans.
- Flexible funding with few restrictions that can be used for general operating, technology, salaries or direct client services.

Appendix D: Grantee Organization Interview Analysis

From March to May 2021, PIE Org facilitated 30-minute interviews with nine Community Development Financial Institutions (CDFIs) and other mission-driven lending institutions that were funding recipients of the 2020 ACC/BAR Grant Funding Program. The following grantees participated in the interviews:

1. Sabre Finance
2. Access to Capital for Entrepreneurs (ACE)
3. Wyoming County EDA
4. Virginia Community Capital
5. Southeast Kentucky Economic Development
6. Pathway Lending
7. Lift Fund
8. SC Community Loan Fund
9. Bridgeway Capital

The goal of the interviews was to learn about grantees' experiences with the ACC/BAR Grant Funding Program in order to best understand the full impact of the program during the COVID-19 pandemic. Furthermore, the interviews were intended to gauge how the ACC/BAR funds helped stabilize and/or extend lending capacity to Appalachia's small businesses and nonprofits impacted by the COVID-19 crisis. Thematic analysis was utilized to highlight themes shared across interview responses. Interview responses remain anonymous and no personally identifiable information is shared.

Below, key takeaways from the interviews are highlighted first followed by a description of common themes organized under each of the following principal questions:

1. What was the overall experience of grantees when obtaining funding from the ACC/BAR program?
2. How did ACC/BAR grant funds aid in stabilizing grantees' organizational lending capacity and ability to support small business and nonprofits?
3. How can the ACC/BAR Grant Funding Program be improved?

Key Takeaways

- Overall, grantees were satisfied with the application process of the ACC/BAR Grant Funding Program. The process was streamlined and quick. Grantees were able to receive funding quickly upon submitting applications. This was helpful in helping clients that urgent, critical needs.

- Grantees were appreciative that the funding expectations were clear and the funds, themselves, were flexible. This allowed grantees to be intentional and responsive when it came to unique client needs.
- The ACC/BAR funds were mostly used as operational funds. It helped bring stability to organizations as they were transitioning to fully remote work, undergoing challenges with communication and engagement, experiencing revenue loss, and doing their best to meet payroll requirements and keep staff. The goal was to keep organizations' doors open in order to continually help clients during the crisis. ACC/BAR funds utilized as operational funding made that possible.
- Grantees provided 90-day and 120-day loan deferments, especially to clients that were at risk of shutting down or making late payments. Some grantees gave automatic loan deferments while others provided it as an option, in case clients were still able to make payment. Grantees that took advantage of loan deferments were able to meet their regular payment schedules by early 2021.
- Grantees were able to use the ACC/BAR funds to expand their lending capacity via new loan packages and technical assistance programs that were needed as clients accustomed to in-person services were learning to utilize digital platforms administrative, communication, and professional development purposes.
- Because of the ACC/BAR funds covering operational costs at time where loan deferments were provided and revenue loss was taking place, some grantees were able to utilize other funding resources to help more clients and expand financial assistance to current customers. Some grantees ended up closing more loans than they have had in previous years. This speaks to the impact they had in financially supporting small businesses and nonprofits at economically challenging time.
- General feedback for improvement and growth includes the following:
    - Expansion of the grant funding program
    - Sharing best practices learned from the past year as grantees executed different approaches to help clients
    - Strategize how ACC/BAR can continue to support grantees by targeting long-term effects of the pandemic
    - Allowing funds to remain flexible so that organizations can utilize them where they have the most need.

Themes

Q1: What was the overall experience of grantees when obtaining funding from the ACC/BAR Program?

Overall, grantees were satisfied with the ACC/BAR Grant Funding Program. The application process was straight-forward, manageable, and streamlined. Grantees appreciated the fact that they received funding quickly and during the early start of the pandemic. The ACC/BAR funding was the earliest grant most of the grantees received. Grantees also expressed that the program was responsive and gave clear information about funding disbursement and expectations. One grantee representative said,

> *This grant was one of those that I felt was really well put together. The demand on the application was straightforward. The questions that were asked were logical; they made sense and they were easy for us to answer. There wasn't an incredible burden of giving us tons of data and metrics you're going to measure; you know really complicating the process. It was it was clean and simple. We got the money quickly.*

Another aspect of the ACC/BAR funding that grantees repeatedly expressed was that the funding was flexible. Given the uncertainties of COVID, it was beneficial that the funding was not restricting and grantees had the agency to use it for operations, loan reserves, or lending capacity. Several representatives noted that throughout the pandemic, having options and flexibility was a luxury and the ACC/BAR funding provided the two. One grantee representative highlighted that out of all the grants their organization received, the ACC/BAR was the most flexible and that provided much needed room to meet specific client needs during a difficult time, where needs were unique across the board.

Q2: How did the ACC/BAR grant funds aid in stabilizing grantees' organizational lending capacity and ability to support small businesses and nonprofits?

Because of the flexibility of the ACC/BAR funding, many grantees were able to support current and new clients/borrowers through different avenues. Below are examples of ways in which multiple grantees utilized ACC/BAR funding to support new and current clients/borrowers:

- **Loan deferment opportunities.** Because of the ACC/BAR dollars, grantees were able to provide loan deferment options that ranged from 90-days to 120-days deferment period. Some grantees automatically gave their clients loan deferments, while others provided it as an option. Those that provided it as an option emphasized that if clients were still able to pay their loans, they would let them, instead of forcing them into a deferment where payment would accumulate in the end. Most borrowers that took advantage of the deferment options were able to continue their regular loan payments by the beginning of 2021. Furthermore, businesses that utilized deferment periods remain in full operation today, instead of being shut down. This speaks to how the ACC/BAR funding provided options that prevent small businesses and nonprofits from shutting down completely during an economically challenging time.

- **Operational Funding.** Grantees reported that much of the ACC/BAR funds were used to continue operations and keep organizations afloat, while meeting clients' financial needs. Throughout the pandemic, several grantees experienced full transitions to remote work that required the purchase of new office equipment and digital software. With limited revenue, some grantees also needed payroll support to keep staff at a time where the need for technical assistance was at an all-time high; organizations could simply not afford to let go of staff due to inability to meet payroll requirements. Organizations also saw difficulties in engaging with clients that were accustomed to in-person meetings. For grantees in rural areas, this was especially challenging and investment in technical assistance webinars and opportunities for clients was needed in order to maintain consistent communication and engagement with clients.

The combination of these various challenges indicates how valuable the ACC/BAR funds were when it came to operational needs. Several grantee representatives highlighted how throughout the pandemic, the goal was to simply keep doors open and support clients in their needs. This could not be done unless organizations had adequate financial support to stay afloat, while using other funding sources to provide technical assistance, special loan packages, loan deferments, and client trainings and professional development to name a few. The flexibility of the non-restrictive nature of the ACC/BAR funds made it ideal for operational use. This allowed grantees to be intentional when responding to client needs, tailoring approaches and strategies to clients' unique needs and contexts. Several grantee representatives expressed the following:

> *The ACC/BAR funding served as operational funding. These are the most valuable because they are flexible. Funding allowed us to do what we needed to do to help and maintain organizational stability. It also allowed us to do loan deferments. When revenues declined, ACC/BAR funding helped us to do operational things critical for keeping our doors open, that funders typically do not want to pay for.*
>
> *The funds helped us offer general COVID assistance to clients. This assistance kept most businesses open and afloat throughout the pandemic, instead of shutting down completely.*
>
> *The ACC/BAR funding financed our transitions into full remote work. We purchased laptops that allowed us to stay in contact and continued engagement with our clients. Although challenging, this was important because there was no other way to stay engaged virtually in an authentic way.*
>
> *ACC/BAR was flexible in that it allowed us to use the money for lending capital, loss reserve, or operations. We chose operations. It was useful for anything that we did not charge the program. This means that the needs were general. It was added to our general fund. The fact that it was added here means it really impacted all of our business lines.*

- **Boost and expand services and programs.** Because of the support of the ACC/BAR funds, many grantees were able to expand their lending capacity by creating new loan packages and financial programs. For example, one grantee representative reported, *"We launched a new* *capital loan product, where we offered a loan up to 75K to new and existing borrowers. This was a new product because we don't give loans below 100K. This was helpful for clients who needed financial support but were not in a place to take out a much bigger loan."*

Several grantees also reported that they were able to close more loans compared to previous years. This could not have been possible if funding support for lending capacity was not available. In addition to lending capacity, grantees also noted that the ACC/BAR funds allowed them to boost current technical assistance services, expanding their reach and frequency of engagement of clients. For some this meant strengthening rapport and relationships with current clients. For others, it also meant gaining new clients. One grantee representative said, "Because we were already doing technical assistance it [ACC/BAR funding] really allowed us to accelerate our assistance and services." Others mentioned the following:

> *Having the additional support from ACC/BAR allowed us to be intentional about touching base with clients to make sure that we were understanding their cashflow needs, if they were applying for PPP loans, and if we could help with that and if that translated into their loan stability.*

Another grantee representative mentioned:

> *Our internal relationships really strengthened. Some came back for more funding. We, refinanced loans to extend out their term or give them better interest rates than what they had previously. One thing that I didn't mention is that for a period, we did reduce our interest rates and waive all application processing fees on loans during that initial endemic period. We also grew our portfolio throughout this time. Like I said, we were able to extend out to different parts of the state. We closed significantly higher loans than we had the year prior in areas that were not just in the immediate area that we typically serve.*

Overall, the ability to close more loans and gain new clientele at an economically challenging time speaks to how impactful the work of grantees was during this crisis. The ACC/BAR funds played a critical role in how grantees were able to expand their lending capacity and help more clients than ever before.

Q3: How can the ACC/BAR Grant Funding Program be improved?

As mentioned above, grantees expressed general satisfaction and positive feedback regarding the funding program's flexibility, manageability, conciseness, and responsiveness. Grantees were appreciative of how fast the funds were disbursed after applications were submitted and how early they received them, within the context of the pandemic period. Most grantees received the grants at the start of the pandemic, that played a major role in early stabilization efforts and the ability to provide for clients' needs early on. When asked how the program could be improved, some client provided the following feedback:

- **Expansion of the funding program and opportunities for learning and sharing best practices.**

  It would be great if it could be expanded because we've seen that there's an obvious need. As far as people participating in our TA events, I think [grantee organizations] and ACC, being a leader in this space, organizing a couple of cohort networking groups where people can talk about their responses [to the pandemic] and what they experienced. Or grantees can talk about what they experienced and get ideas from each other about what it's looking like moving forward. I think that could be valuable. I always see value in those types of gatherings.

- **Strategize on how the program can support grantees and their clients with long-term effects of the pandemic.**

  We still the need of our customers right now. Although we still have active programs, we need to think about long term effects – of how this will affect our customers and our portfolio. Resources are finite and as these programs start to round up and funds deplete, the need continues to exist. So, thinking about how programs like ACC/BAR can respond to long-term effects that continue to remain once the early challenges of the pandemic have been mitigated.

- **Continue to remain flexible.**

  What I've learned in my years of working with funders is that the most valuable and helpful funding are the ones that do not have much restrictions. In this way, organization are really able to use the funds where they need it most.