



next street

New Mexico Small Business Capital Landscape

Summary of Findings

October 2023



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New Mexico Context

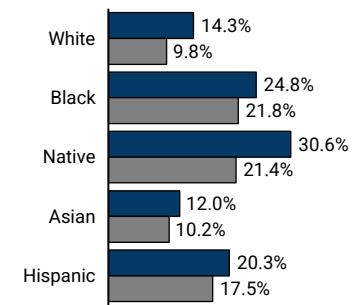
1

New Mexico is one of the largest (by land area) and most diverse states in the country yet lags on many economic indicators. Despite having important economic assets for growth such as large anchor employers and a low cost of living relative to most states, New Mexico has the **2nd highest poverty rate in the country** and is in the bottom 3rd of job, wage, and GDP growth. New Mexico has some of the **largest relative populations of Native and Hispanic residents in the country**, yet these groups both experience **higher poverty levels than both their white counterparts and national averages for those groups.**

Economic Indicators (2020)

| Metric | NM | US |
|--------------------|---------|---------|
| GDP Per Capita | \$57.8K | \$70.2K |
| 10-Year GDP Growth | +7.6% | +23.1% |
| Poverty Rate | 18.4% | 12.8% |
| Unemployment Rate | 3.5% | 3.4% |

Poverty Rate by Demographic (2021)

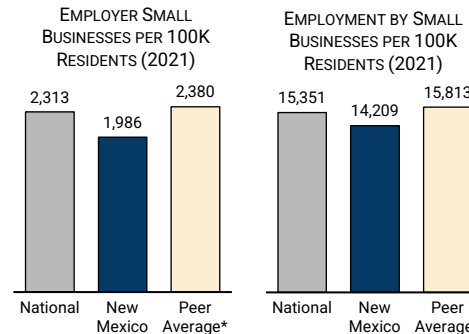


Data Source: US Census Bureau

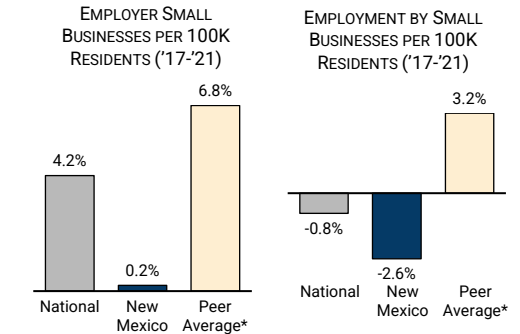
2

While small businesses are a substantial and vital part of the New Mexico economy, there is opportunity for growth in their role as employers within the state when compared with national and peer benchmarks. New Mexico ranks at or near the bottom in terms of small businesses and employment by small businesses per capita. Additionally, over a 5-year period New Mexico has seen the **lowest growth rates of economic contribution by small businesses across all metrics**, further exacerbating these deficits.

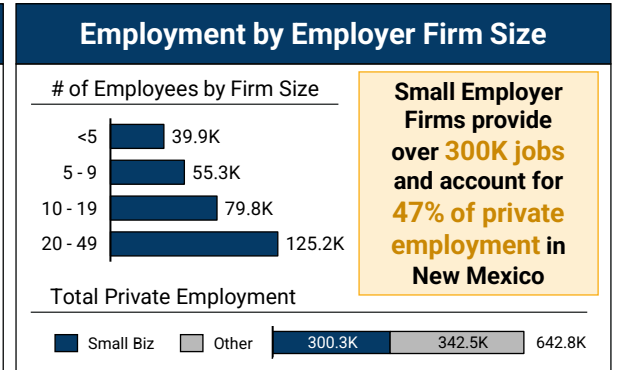
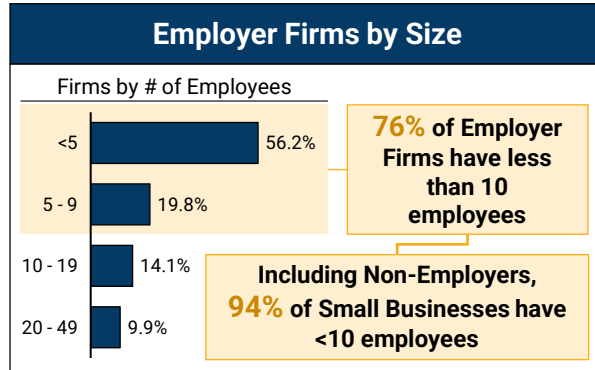
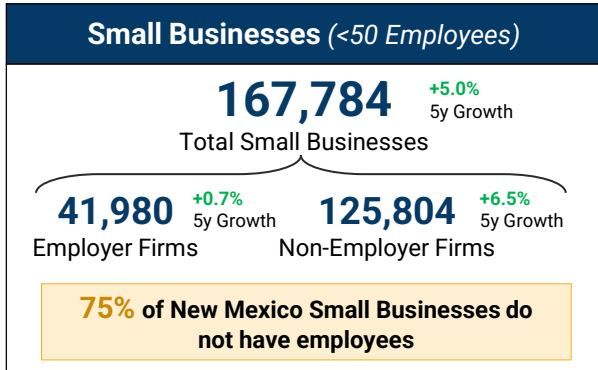
Small Business Indicators



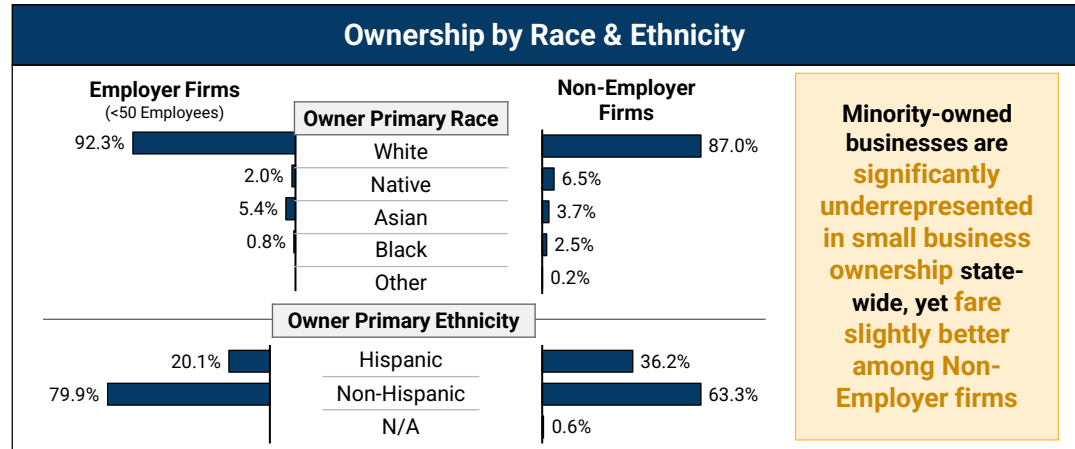
5-year Growth of Key Indicators



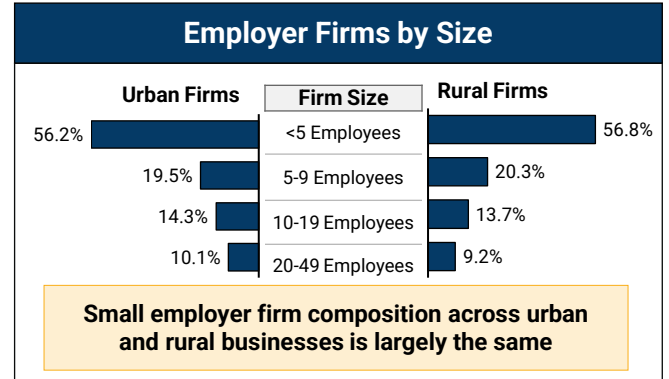
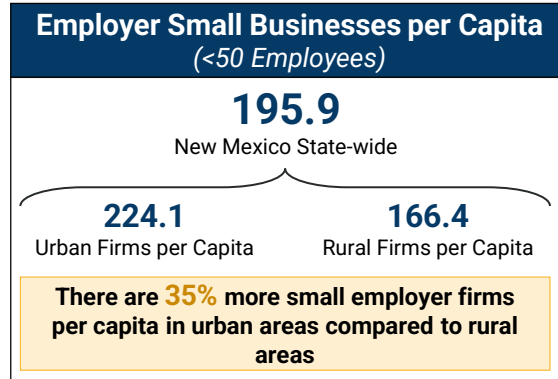
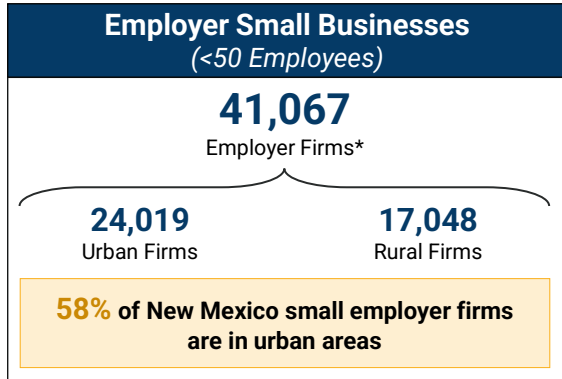
New Mexico Small Business Snapshot



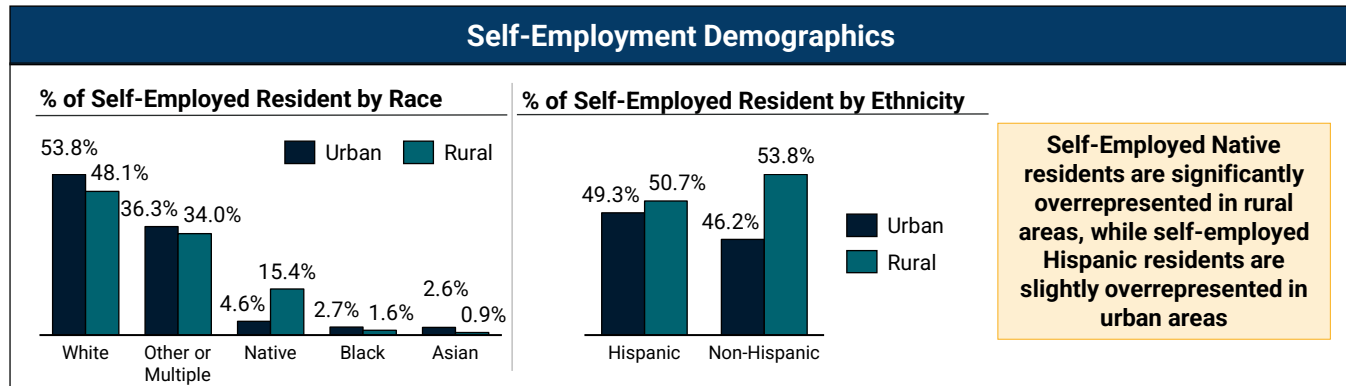
- **Employer Firms** are businesses subject to federal income tax with paid employees outside of the owner and are for purposes of this analysis limited to establishments with fewer than 50 employees.
- **Non-Employer Firms** are sole proprietors subject to federal income tax.



Urban vs. Rural Employer Businesses



*Employer Firms total does not match previous slide given exclusion of zip codes that could violate anonymity thresholds.



Small Business Industries & Growth

Over 90% of New Mexico small businesses are not “high-growth businesses”

| Top Employer Small Business Industries | | | |
|---|--------------|--------------|--|
| Most Firms | | | |
| Industry | # | % of Total | |
| 1 Retail | 5.7K | 13.5% | |
| 2 Healthcare & Social Asst | 4.9K | 11.6% | |
| 3 Professional Services | 4.5K | 10.8% | |
| 4 Construction | 4.3K | 10.2% | |
| 5 Accommodation & Food | 4.1K | 9.9% | |
| Total Top 5 | 23.5K | 56.1% | |
| Fastest Growing (5y Growth of Firms) | | | |
| Industry | 5y Growth | | |
| 1 Transportation & Warehousing | +10.7% | | |
| 2 Admin, Support, Waste Mgmt | +9.7% | | |
| 3 Information | +8.9% | | |
| 4 Agriculture, Forestry, Hunting | +8.2% | | |
| 5 Accommodation & Food | +6.8% | | |

| Top Non-Employer Small Business Industries | | | |
|---|--------------|--------------|--|
| Most Firms | | | |
| Industry | # | % of Total | |
| 1 Professional Services | 16.8K | 13.4% | |
| 2 Real Estate | 12.9K | 10.2% | |
| 3 Other Services | 12.6K | 10.0% | |
| 4 Construction | 12.6K | 10.0% | |
| 5 Healthcare & Social Asst. | 11.7K | 9.3% | |
| Total Top 5 | 66.6K | 53.0% | |
| Fastest Growing (5y Growth of Firms) | | | |
| Industry | 5y Growth | | |
| 1 Transportation & Warehousing | +119.0% | | |
| 2 Accommodation & Food | +27.8% | | |
| 3 Agriculture, Forestry, Hunting | +21.5% | | |
| 4 Admin, Support, Waste Mgmt | +15.7% | | |
| 5 Utilities | +15.4% | | |

| Top Employer Small Business Industries, Urban Zip Codes | | | |
|---|--------------|--------------|--|
| Most Firms | | | |
| Industry | # | % of Total | |
| 1 Professional Services | 3.2K | 13.8% | |
| 2 Healthcare & Social Asst | 3.1K | 13.3% | |
| 3 Retail | 2.9K | 12.6% | |
| 4 Construction | 2.3K | 10.0% | |
| 5 Other Services | 2.3K | 9.9% | |
| Total Top 5 | 23.5K | 56.1% | |

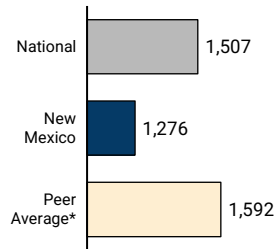
| Top Employer Small Business Industries, Rural Zip Codes | | | |
|---|--------------|--------------|--|
| Most Firms | | | |
| Industry | # | % of Total | |
| 1 Retail | 2.4K | 16.9% | |
| 2 Accommodation & Food | 1.7K | 12.0% | |
| 3 Construction | 1.6K | 11.4% | |
| 4 Healthcare & Social Asst | 1.6K | 11.0% | |
| 5 Other Services | 1.5K | 10.8% | |
| Total Top 5 | 23.5K | 56.1% | |

Small Businesses in New Mexico

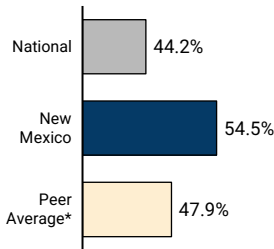


1 Despite consistently lower relative levels of entrepreneurship, New Mexico has seen faster small business growth than national averages and peers since the pandemic. As new business starts have boomed nationally, New Mexico's growth of business starts has outpaced both national averages and most peers.

2022 NEW BUSINESS STARTS PER 100K RESIDENTS

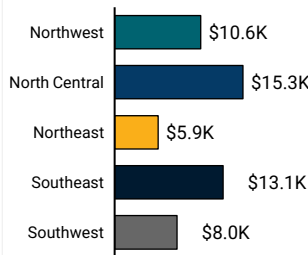


3-YEAR GROWTH OF NEW BUSINESS STARTS ('19-'22)



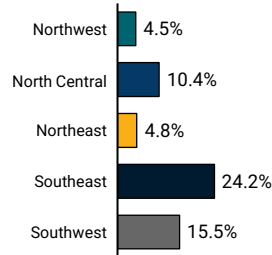
2 Business activity is largely centered in urban areas around Albuquerque and Santa Fe, yet recent growth has come more from areas around the southern border. Small business contribution per capita is highest in the North Central region across all key metrics. Over the past 3 years, however, employment and payroll growth in southern regions was double the pace of payroll growth in northern regions.

SMALL BUSINESS PAYROLL PER 100K RESIDENTS BY REGION (2021)



Regional key above, right

3-YEAR GROWTH OF SMALL BUSINESS PAYROLL ('19-'21)



3 Compared to national averages, New Mexico's small businesses are slightly more made up of "main street" businesses in the retail, food services, construction, and arts sectors. Conversely, both number of business and employment by small businesses in more technical fields like professional services and administrative support are underrepresented in the state.

TOP 3 OVER- AND UNDER-REPRESENTED SMALL BUSINESS SECTORS, EMPLOYER BUSINESSES, NM vs. US (2021)

| Sector | Delta |
|------------------------|-------|
| Mining, Oil, & Gas | +1.0% |
| Retail Trade | +0.9% |
| Accom. & Food Services | +0.8% |
| Admin & Support | -0.8% |
| Wholesale Trade | -1.0% |
| Professional Services | -1.3% |

TOP 3 OVER- AND UNDER-REPRESENTED SMALL BUSINESS SECTORS, NON-EMPLOYER BUSINESSES, NM vs. US (2021)

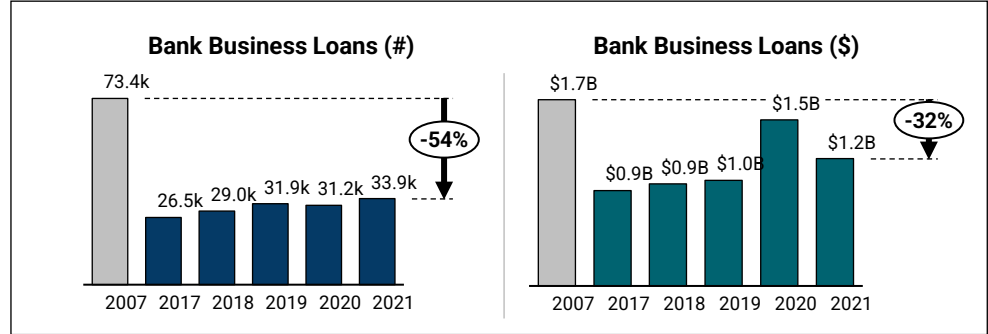
| Sector | Delta |
|-----------------------|-------|
| Arts & Entertainment | +2.0% |
| Healthcare | +1.4% |
| Educational Services | +1.1% |
| Finance & Insurance | -0.5% |
| Admin & Support | -0.8% |
| Transport & Warehouse | -3.9% |

Small Business Financing Trends

1

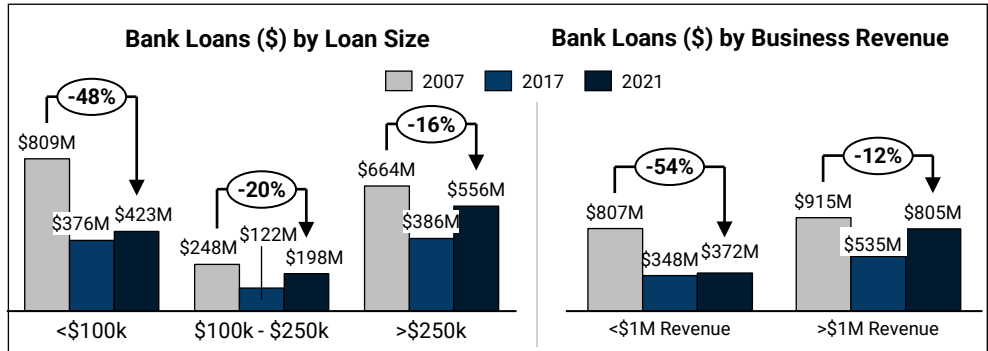
Bank and SBA lending make up most capital provided to small businesses in New Mexico, yet in the past decade banks have severely decreased risk tolerance, leading to less lending statewide.

Business lending rates by FDIC insured banks in New Mexico in 2021 were less than half what they were in 2007 when banking activity across the country peaked, before drastically falling off in the following year and never fully recovering. That decline resulted in at least **\$500M less small business funding** statewide annually. To avoid risk, banks have focused on larger, safer business investments, nearly doubling their average loan size.



2

This credit tightening has been disproportionately felt by smaller businesses, and those in less wealthy areas. More than one-half of the decrease in bank lending over the past 15 years came in loans of under \$100k dollars; by 2021 banks in New Mexico were deploying more capital via loans of more than \$250K dollars than via loans of less than \$100k. Businesses with <\$1M in annual revenue saw more than half of their funding from banks disappear, while those with over \$1M in revenue only saw a 12% decrease.

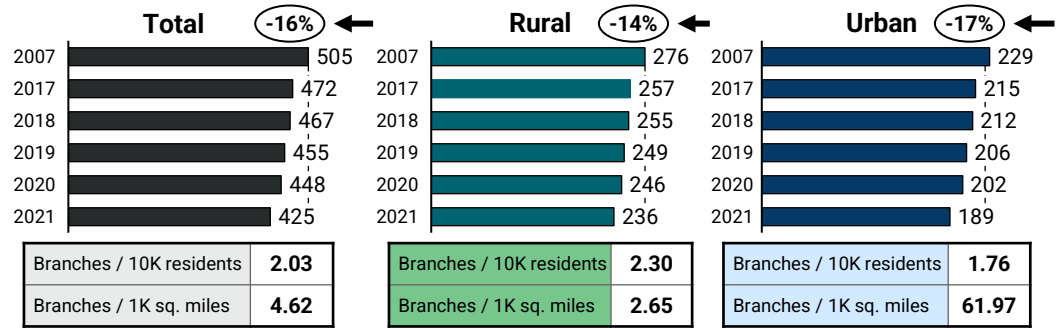


Small Business Financing Trends

3

While some decline in bank lending can be attributed to closures and consolidation, the number of bank branches in New Mexico has shrunk at a rate much lower than small business lending. Branch closures have been proportionally higher and there are fewer banks per capita in urban areas, but due to the massive rural portion of the state, branches per square mile values illustrate barriers rural businesses face in accessing bank funding.

Number of Bank Branches (2007, 2017-2021)



4

New Mexico benefits from slightly higher credit union presence than national averages and a higher-than-average small business CDFI presence, but due to much smaller average transaction sizes and a focus on microlending, total CDFI capital deployed per capita is 45% lower than national averages. If CDFI lending per capita in New Mexico kept pace with the national average, an additional \$24M in CDFI financing would be available to New Mexico businesses.

Credit Unions

| | NM | U.S. | Δ |
|----------------------|---------|--------|------|
| # of Credit Unions | 40 | 4,686 | |
| Per 100k Capita | 1.89 | 1.47 | +29% |
| Credit Union Assets | \$17.6B | \$2.2T | |
| Per Capita | \$8.3K | \$7.0K | +20% |
| Credit Union Members | 1.1M | 137.7M | |
| % of Pop | 50.5% | 43.2% | +17% |

CDFIs

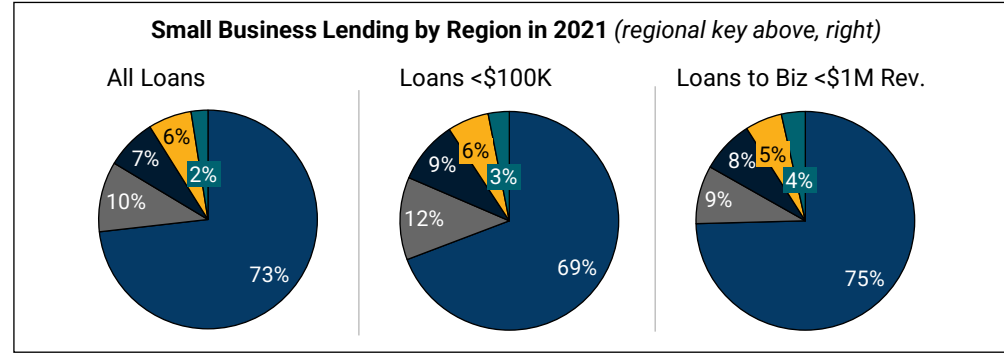
| | NM | U.S. | Δ |
|----------------------------|---------|---------|-------|
| # of CDFIs | 17 | 1,264 | |
| Per 1M Capita | 8.03 | 3.78 | +113% |
| 2021 Business Loans (#) | 1.2K | 126.8K | |
| Per 10K Capita | 5.72 | 3.79 | +51% |
| 2021 Business Lending (\$) | \$29.6M | \$8.4B | |
| Per Capita | \$14.0K | \$25.2K | -45% |

Small Business Financing Trends



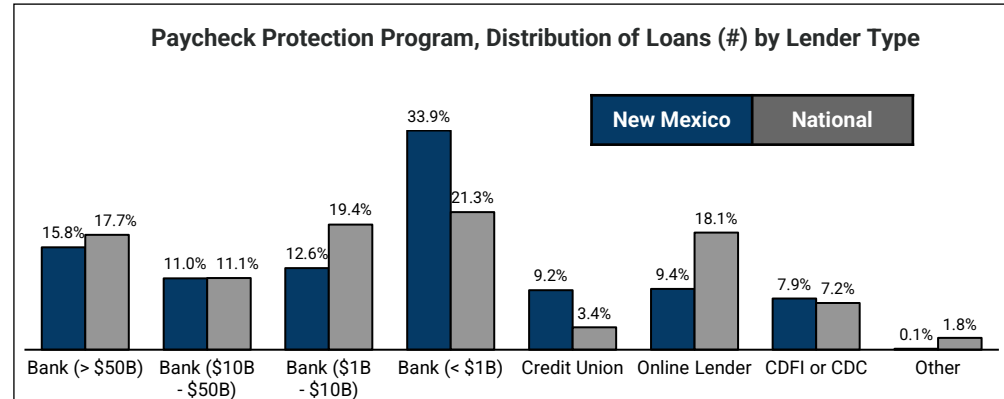
5

Consistent with banking locations, small business funding statewide is disproportionately focused in the broader Albuquerque and Santa Fe metro regions. Nearly twice as much small business funding per capita goes to the North Central region of the state: 73% of all funding to 58% of all businesses. Paycheck Protection Program (PPP) funding was distributed along similar breakdowns, though the southern portions of the state fared better due to online lending and proximity to Texas-based lenders.



6

The Paycheck Protection Program (PPP) highlighted strengths and weaknesses of the New Mexico small business funding landscape. Local banks and credit unions did an above-average job serving small businesses. Established CDFIs effectively deployed PPP capital to smaller and earlier stage businesses across the state by leveraging existing brands and relationships. However, the digital divide particularly in rural regions prevented many small businesses from accessing PPP through online lending platforms and national CDFIs.





Small Business Support Services

1

New Mexico has seen promising progress in the quality of business support resources available in the state, but several challenges around access to these resources have perpetuated economic inequity. Between regional and local banks, credit unions, CDFIs, and other business supporting non-profits, there is a network of small business support assets, however, quality *small business technical assistance** is generally limited to those businesses of greater means, with the knowledge and networks to access them. With an ever-increasing number of available programs, finding the correct resources can be difficult for small businesses. Targeted accelerator and business support programs in the technology, sciences, and food industries have had great success on a small scale, but narrow industry focus has most biased to high-growth industries, excluding many main street businesses and limiting overall impact.

2

The largely rural makeup of the state makes it logistically difficult to provide quality business technical assistance at scale. Many statewide organizations and funders report struggling to effectively serve rural and Native communities outside of core city centers due to prohibitively high costs required to meet businesses where they are and gain trust. This inability to effectively be on the ground in rural communities can hurt the ability for these players to effectively serve Native communities especially, where trust is very important. Lack of reliable digital access in rural areas also limits access to national business support resources that are becoming ever more online, with certain local CDFIs investing less in digital marketing, and more in on-the-ground local employees to reach rural business owners.

3

While public focus on Native and Hispanic communities in the state is strong, inequities still exist for these groups and this focus can further exclude others. Mainstream institutions like banks and government have yet to effectively earn the trust of many Native and Hispanic communities statewide, with many still preferring to access resources through trusted community and known networks. Additionally, emphasis on these communities can at times leave behind Black, Asian, immigrant, and other communities behind in economic development efforts.

*Small business technical assistance generally refers to professional business consulting services such as strategic and financial planning, operations and technology systems services, accounting and legal services, capital raising, sales, marketing and other business development services. In New Mexico small business technical assistance is offered free-of-charge through Small Business Association (SBA) resource partners such as Small Business Development Centers (SBDCs), SCORE or WESST, while other technical assistance may require paid experts or consultants.

Key Findings: *Voice of Small Businesses (1/2)*

Input was sought from 42 entrepreneurs in New Mexico across 5 focus groups: Main Street Consumer Businesses, B-to-B Service Providers, Contractors, Rural Area Businesses, and Native-Spanish Speakers

Ecosystem Guidance

1. **Spotlight Overlooked Companies** – Government agenda is perceived as focused on certain industries, causing others to be overlooked; mainstream private sector funding seems to follow these trends, requiring intermediary support to make headway; native-Spanish speakers particularly struggle to find genuine help and not a place that “just speaks to us and sends us on our way”.
2. **Improve Infrastructure** – Support long-term infrastructure that will keep businesses in New Mexico. For instance, lack of internet access in rural areas limits growth potential, limits consumer base, and makes certain business models impossible.

Early-stage Support

1. **Boost Confidence in Early Stages** – When entrepreneurs first need financing, they turn to friends and family capital which can be a major psychological deterrent to low-income communities; a specific focus on entrepreneurial support among these groups was strongly emphasized.
2. **Decrease Growth Hurdles** – Early-stage entrepreneurs struggle with complete knowledge of insurances, licenses, legal requirements, etc. The key transition points (e.g., sole proprietorship to employer, food truck to brick and mortar, etc.) are seen as prohibitive in New Mexico.

Small Business Support Programs

1. **Streamlining Applications** – Entrepreneurs often face a choice in whether to apply for a program or spending their time running their business or seeking support.
2. **Effective / More Specific Communication** – Existing communications are very generic, often requiring work on the part of the business owner to identify relevant resources. Certain organizations like the SBDCs are credited with being effective resource navigators, but many allegedly demonstrate bias. Communication is too frequently only in English, leaving native-Spanish speakers unaware of different resources available to them. Business owners proposed a more ad-hoc solution (hotline or other) for two-way communication, for example the business concierge model currently used Las Cruces, at a larger scale.
3. **More Mentorship and Network Facilitation** – Entrepreneurs struggle to find mentors with proven success; networking events can be helpful but can also be overwhelming, cumbersome, and/or uncomfortable if they don’t cater to specific small business needs.

Key Findings: *Voice of Small Businesses (2/2)*

Funding Products

1. **Qualification Criteria** - Entrepreneurs highlighted how traditional underwriting criteria like credit score and track record can exclude promising business, especially those that can have significant environmental or social impact.
2. **Performance Metrics** – Programs that require job creation for eligibility bias towards growing businesses, but sometimes sustaining a business is the biggest challenge. Job sustainability and wage growth could be additional metrics to consider in measuring success of small businesses.
3. **Contract Financing**– The revenue flow of contract-based small businesses can be heavily determined by consistency of payment from larger corporations and government institutions; when payments are delayed, contractors can be financially burdened by gaps in financing, which can require bridge funding programs to maintain a steady cash flow.
4. **Solutions for Native Communities** – Reservation-based businesses cannot use property as collateral, preventing them from accessing traditional financing resources like SBA loans; certain alternative capital providers like CDFIs have attempted to solve for this but still struggle to provide capital at scale.
5. **Right-sized Financing** – Businesses struggle in a 'No Man's Land' to find financing at the breakpoints between various financial institutions; for example, loans that are too small for CDFIs are often hard to come by, and businesses do not know where to look for funding in between CDFI and micro financing, and larger scale bank funding; As a result, business owners resort to personal savings, personal debt, or predatory lenders.

Funding Providers

1. **Trust in Alternative Capital Providers** – Entrepreneurs, especially those in rural regions, hesitate to engage with lenders that do not have a local branch, given the abundance of predatory lenders and difficulty differentiating between good and bad lenders.
2. **Trust in Banks** – Banks are viewed as discriminatory and intimidating due to structural rigidity and historical norms, discouraging many businesses from even attempting to access bank funding; especially true for native-Spanish speakers for whom the process is particularly arduous, only to frequently be rejected anyway or be given high-interest personal loans.



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Capital Landscape: *Considerations*

> **New capital solutions should work through local partners** for several reasons:

1. **Trust** - As with many places, local trust is important in New Mexico, and even many current capital providers are not trusted by historically underserved communities. Finding the right local partners to bridge these cultural barriers will be very important.
2. **Technical Assistance** – Given the lack of readily available technical assistance resources, funders should look to support key technical assistance partners to proactively provide businesses ongoing support to ensure their success.
3. **Ease of Navigation** – Accessing the full range of business support and funding resources that exist today is already hard for business owners. Leveraging existing networks and connections will be integral to finding the right businesses to fund.
4. **Ground Game** – Showing up in person is important, especially for tribes, rural, and Hispanic communities. Given the size of New Mexico, current statewide organizations are already trying to solve for this. Any additional support for these business owners should be targeted at supporting and expanding these efforts, rather than creating new ones.

> There are a number of ways to **specifically focus on equity** in small business support in New Mexico:

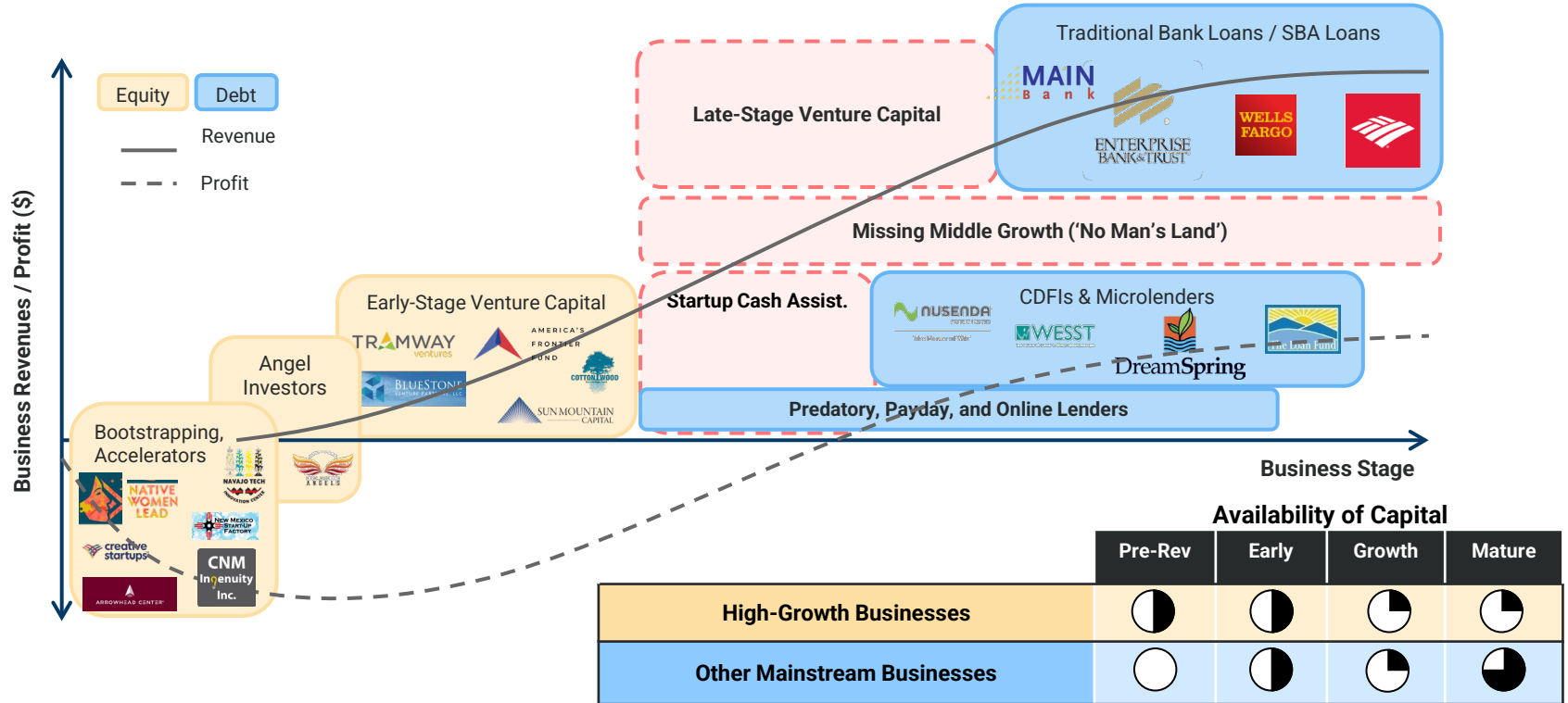
1. **Industry Diversity** – By going beyond current core industries emphasized by the state, supporters can reach entrepreneurs that are currently overlooked.
2. **Racial Equity** – By intentionally working with the local chambers of commerce, business associations and community collaboratives, supporters can more intentionally reach all businesses.

Capital Landscape: *Capital Gaps Identified*

There is not *one* problem to solve in the New Mexico small business funding landscape. Initiatives will need to be intentional in identifying the specific gaps they look to address within the overall ecosystem. Start-up capital, alternative financing, and growth funding are all different tools to solve different problems.

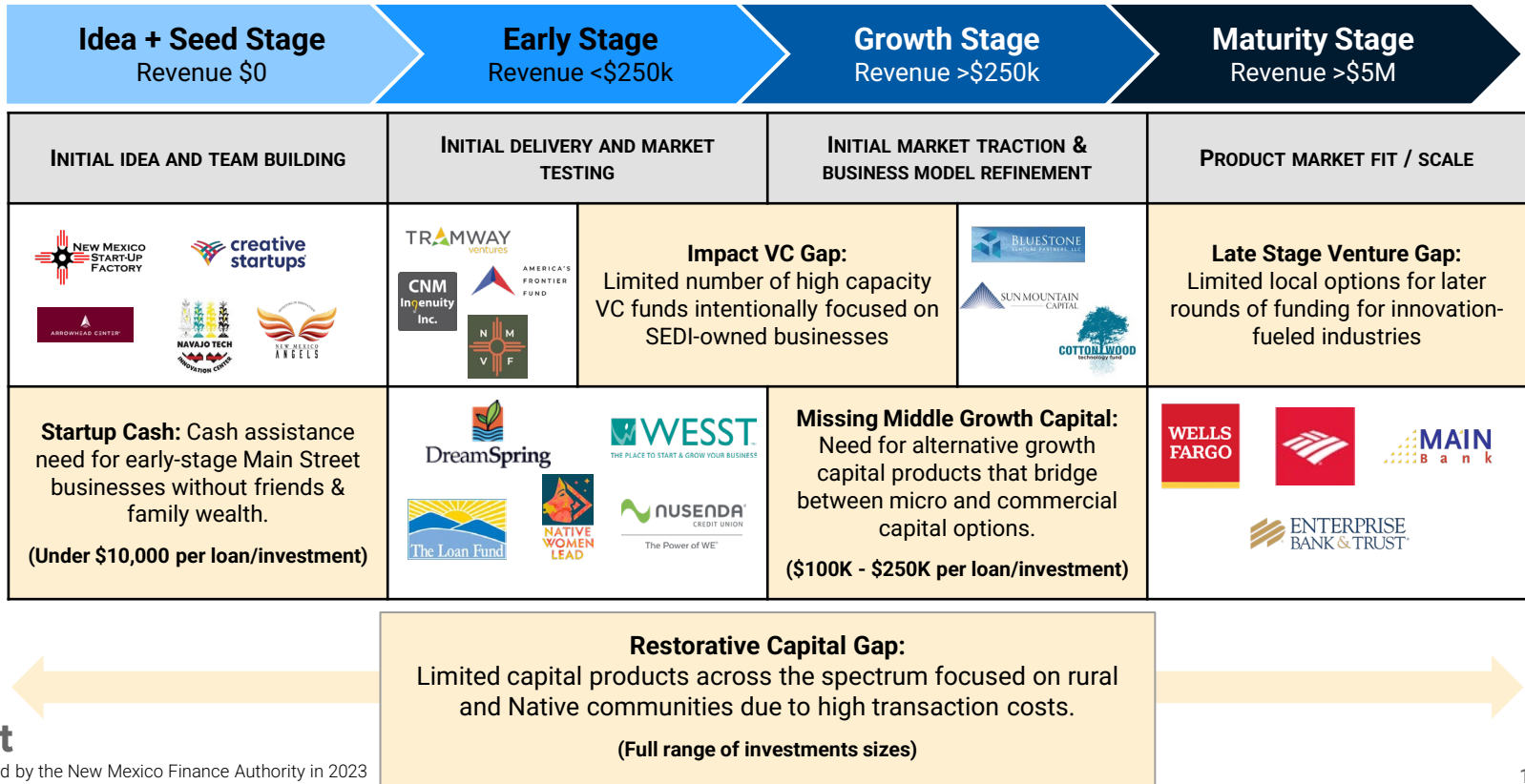
| Gap | Definition | Detail | Sizes | Illustrative Intervention |
|------------------------------|---|--|---|--|
| Startup Cash | Cash assistance for pre-revenue and early-revenue businesses | <ul style="list-style-type: none"> > Startup cash and early-stage cash management can be one of the largest barriers to success for small businesses. > This is felt especially among lower wealth communities in which entrepreneurs cannot rely on help from friends and family to invest in their businesses early on. > Providing startup cash is difficult to do profitably due to costs of lending and high-risk. | Under \$10K | <i>Microgrant fund for emerging artisans and craftspeople</i> |
| Missing Middle Growth | Mid-sized business funding to bridge between microloans and larger bank loans | <ul style="list-style-type: none"> > Existing community-based lenders have strong microlending programs, and banks can adequately provide larger dollar loans to established businesses, but business owners report a lack of products in the interim to graduate into as they grow. > This gap can hurt a businesses' ability to grow steadily over time and can also make it difficult for businesses needing this level of working capital to sustain operations. | \$100K - \$250K | <i>Growth capital lending fund for mid-sized businesses</i> |
| Alternative Products | Funding products that go outside traditional debt and equity products to provide more flexible terms for businesses | <ul style="list-style-type: none"> > Outside of term loans and equity investments there are a range of products that are specifically designed to meet the needs of various entrepreneurs and are not widely available in New Mexico today. > These include products like revenue-based financing, contract or invoice finance, and loans and lines of credit with creative repayment models. | Varies based on specific product | <i>Contract financing fund for rural construction businesses and contractors</i> |
| Restorative Capital | Funding products that specifically cater to rural and Native communities that can be boxed out by traditional lending practices | <ul style="list-style-type: none"> > Rural and native business owners face several specific challenges, including broadband access in an increasingly online business funding world, and underwriting criteria that can exclude business owners living on tribal lands. > There are many lenders looking to intentionally solve for these challenges, but to due high costs of doing this lending, it can be difficult for them to access appropriate finance to scale their programs. | Varies, generally under \$100K | <i>Investment strategy in community-based lenders with alternative underwriting models</i> |

Capital Landscape: Local Providers



High-growth businesses are firms of ten or more employees growing headcount or gross revenue by an average of more than 20% per annum for three consecutive years and are more typically suited for equity capital, as high growth rates are more likely to yield returns required by equity investors. *Other mainstream businesses* – which comprise over 90% of small businesses in New Mexico - do not meet the definition of high-growth businesses and alternatives to equity are more suitable for their capital needs.

Capital Landscape: *Summary*



Capital Landscape: Gap Sizing

To evaluate the potential demand in these identified capital gaps, Next Street used U.S. Census data, self-reported small business survey data, and informed estimations of likely funding needed. These estimations are projections based on publicly available data.

| | | Restorative Capital | | |
|--|--|--|---|--|
| Startup Cash | Missing Middle Growth Capital | PoC Businesses | Hispanic Businesses | Rural Businesses |
| <p>Target Businesses</p> <p><i>Startup pre-employment businesses, given startup employers will have larger and more substantiated capital needs, and established non-employers will have more success seeking funding</i></p> | <p>Target Businesses</p> <p><i>Employer businesses with between \$100K and \$500K in annual revenue</i></p> | <p>Target Businesses</p> <p><i>Businesses with non-white ownership whose capital needs are not met through existing mainstream financial institutions</i></p> | <p>Target Businesses</p> <p><i>Businesses with Hispanic ownership whose capital needs are not met through existing mainstream financial institutions</i></p> | <p>Target Businesses</p> <p><i>Businesses in rural communities whose capital needs are not met through existing mainstream financial institutions</i></p> |
| <p># of Target Businesses</p> <p>19,678 Non-employer businesses seeking capital</p> | <p># of Target Businesses</p> <p>3,577 Middle-sized businesses seeking capital</p> | <p># of Target Businesses</p> <p>24,080 businesses owned by people of color</p> | <p># of Target Businesses</p> <p>26,196 businesses owned by people of color</p> | <p># of Target Businesses</p> <p>14,076 businesses owned by people of color</p> |
| <p>Total Capital Need</p> <p>\$196.8M</p> | <p>Total Capital Need</p> <p>\$715.5M</p> | <p>Total Capital Need</p> <p>\$757.7M</p> | <p>Total Capital Need</p> <p>\$726.7M</p> | <p>Total Capital Need</p> <p>\$281.6M</p> |

Note: Restorative Capital sizes are not mutually exclusive given overlap in racial/ethnic/rural communities; demand numbers should be considered independently and not additively; overall demand is less than the sum of given gaps.



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Appendix – Research Methodology

Research Methodology

To inform this work Next Street incorporated inputs from a range of quantitative and qualitative data sources to develop a robust understanding of the New Mexico small business ecosystem

| | |
|------------------------------------|--|
| Literature Review | Reviewed ~15 relevant existing reports covering regional economics, the small business capital ecosystem, and where additional analysis could be needed. |
| Stakeholder Interviews | Interviewed 28 local experts on the small business support ecosystem in New Mexico including funders, government agencies, business support organizations, and philanthropic foundations. |
| Data Analysis | Analysis of publicly available datasets on small businesses and provision of capital including business statistics from the U.S. census, bank business lending via the FFIEC, SBA and PPP lending from the Small Business Administration, CDFI lending from the CDFI Fund, and others. |
| Small Business Focus Groups | Organized and held five focus groups consisting of a total of 42 small business owners in New Mexico to contribute qualitative insights to research. |

Zip codes within ten miles of Albuquerque, Las Cruces, Rio Rancho, and Santa Fe was designated urban, while all others were designated as rural.

| City | Designation |
|---------------------|-------------|
| Bernalillo | Urban |
| Placitas | Urban |
| Corrales | Urban |
| Albuquerque | Urban |
| Rio Rancho | Urban |
| Santa Fe | Urban |
| Los Alamos | Urban |
| White Rock | Urban |
| Las Cruces | Urban |
| All Other Zip Codes | Rural |

Capital Landscape: Opportunity Sizing Detail (1/2)

Market sizing figures are directional, intentionally conservative, and calculated based on best estimates from publicly available data

STARTUP CASH

Target Businesses

Startup pre-employment businesses

| | Metric | Value | Source |
|---|--|-----------------|---|
| 1 | Total Non-Employer Businesses | 125,804 | Nonemployer Statistics, 2020, New Mexico, U.S. Census |
| 2 | Non-Employer Businesses with <\$50K in Revenue | 98,340 | Nonemployer Statistics, 2020, National, U.S. Census |
| 3 | % of Non-Employers that Apply for Funding Annually | 29.0% | Nonemployer Small Business Credit Survey 2022, Federal Reserve, |
| 4 | Startup Non-Employers Applying for Capital | 28,519 | Row 2 x Row 3 |
| 5 | Portion of Non-Employer Applicants that are Unsuccessful | 69.0% | Nonemployer Small Business Credit Survey 2022, Federal Reserve |
| 6 | Startup Non-Employers with Capital Needs | 19,678 | Row 4 x Row 5 |
| 7 | Average Startup Cash Funding Requirement | \$10,000 | Assumption |
| | Total Startup Cash Funding Potential | \$196.8M | Row 6 x Row 7 |

MISSING MIDDLE GROWTH CAPITAL

Target Businesses

Employer businesses with between \$100K and \$500K in annual revenue

| | Metric | Value | Source |
|---|---|-----------------|--|
| 1 | Total Employer Businesses | 43,953 | County Business Patterns, 2021, New Mexico, U.S. Census |
| 2 | Employer Businesses with \$100K - \$500K in Revenue | 15,179 | Employer Small Business Credit Survey, 2022, Federal Reserve |
| 3 | Businesses with \$100K and \$500K in Revenue seeking Financing | 5,808 | Employer Small Business Credit Survey, 2022, Federal Reserve |
| 4 | Businesses Unsuccessful in Accessing Capital between \$100K and \$500K in Revenue | 3,577 | Employer Small Business Credit Survey, 2022, Federal Reserve |
| 5 | Average Missing Middle Funding Size | \$200,000 | Assumption |
| | Total Missing Middle Funding Potential | \$715.5M | Row 4 x Row 5 |

Capital Landscape: Opportunity Sizing Detail (2/2)

RESTORATIVE CAPITAL Non-White Business Owners

| | Metric | Value | Source |
|---|--|-----------------|--|
| 1 | Total Non-Employer Businesses | 125,804 | Nonemployer Statistics, 2020, New Mexico, U.S. Census |
| 2 | Total Nonwhite-owned Nonemployer Businesses | 16,367 | American Survey of Entrepreneurs, 2019, U.S. Census |
| 3 | Total Employer Businesses with <50 Employees | 41,980 | County Business Patterns, 2020, U.S. Census |
| 4 | Total Nonwhite-owned Employer Businesses | 3,442 | American Survey of Entrepreneurs, 2019, U.S. Census |
| 5 | Non-Employer Racial Gap | 4,402 | Calculated based on Row 2 and American Community Survey Results 2019 |
| 6 | Employer Racial Gap | 19,678 | Calculated based on Row 4 and American Community Survey Results 2019 |
| 7 | Non-Employer Predicted Funding | \$10,000 | Assumption |
| 8 | Employer Predicted Funding | \$50,000 | Assumption |
| Total Capital to Solve Racial Wealth Gap | | \$757.7M | (Row 5 x Row 7) + (Row 6 x Row 8) |

RESTORATIVE CAPITAL Hispanic Business Owners

| | Metric | Value | Source |
|---|--|-----------------|--|
| 1 | Total Non-Employer Businesses | 125,804 | Nonemployer Statistics, 2020, New Mexico, U.S. Census |
| 2 | Total Hispanic-owned Nonemployer Businesses | 79,585 | American Survey of Entrepreneurs, 2019, U.S. Census |
| 3 | Total Employer Businesses with <50 Employees | 41,980 | County Business Patterns, 2020, U.S. Census |
| 4 | Total Hispanic-owned Employer Businesses | 8,420 | American Survey of Entrepreneurs, 2019, U.S. Census |
| 5 | Non-Employer Ethnic Gap | 14,576 | Calculated based on Row 2 and American Community Survey Results 2019 |
| 6 | Employer Ethnic Gap | 11,620 | Calculated based on Row 4 and American Community Survey Results 2019 |
| 7 | Non-Employer Predicted Funding | \$10,000 | Assumption |
| 8 | Employer Predicted Funding | \$50,000 | Assumption |
| Total Capital to Solve Ethnic Wealth Gap | | \$726.7M | (Row 5 x Row 7) + (Row 6 x Row 8) |

RESTORATIVE CAPITAL Rural Business Owners

| | Metric | Value | Source |
|--|--|-----------------|--|
| 1 | Total Non-Employer Businesses | 125,804 | Nonemployer Statistics, 2020, New Mexico, U.S. Census |
| 2 | Total Rural Non-Employer Businesses | 13,209 | American Survey of Entrepreneurs, 2019, U.S. Census |
| 3 | Total Employer Businesses with <50 Employees | 41,980 | County Business Patterns, 2020, U.S. Census |
| 4 | Total Rural Employer Businesses | 4,408 | American Survey of Entrepreneurs, 2019, U.S. Census |
| 5 | Non-Employer Rural Gap | 10,554 | Calculated based on Row 2 and American Community Survey Results 2019 |
| 6 | Employer Rural Gap | 3,522 | Calculated based on Row 4 and American Community Survey Results 2019 |
| 7 | Non-Employer Predicted Funding | \$10,000 | Assumption |
| 8 | Employer Predicted Funding | \$50,000 | Assumption |
| Total Capital to Solve Rural Wealth Gap | | \$281.6M | (Row 5 x Row 7) + (Row 6 x Row 8) |