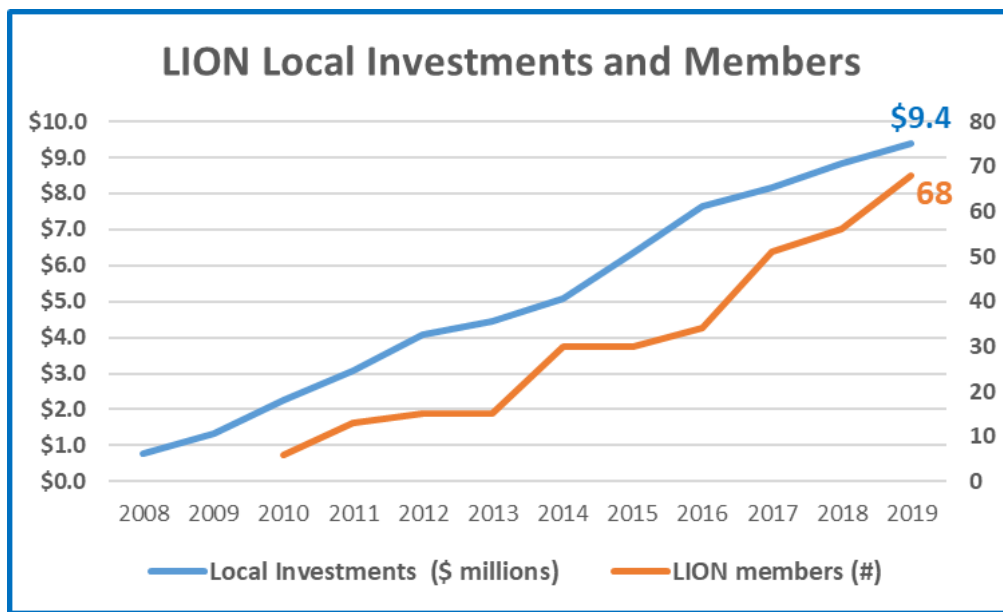




A Quantitative Profile of Local Investing: 2006 - 2019

Data is based on responses of 36 LION members to voluntary surveys conducted in 2012, 2017 and 2020. As not all LION members responded to the surveys, the data shown represent “at least” amounts of LION member investments. Since the survey data covers the period ending December 2019, this summary does not include impacts of the pandemic. These impacts will be captured in a subsequent survey.

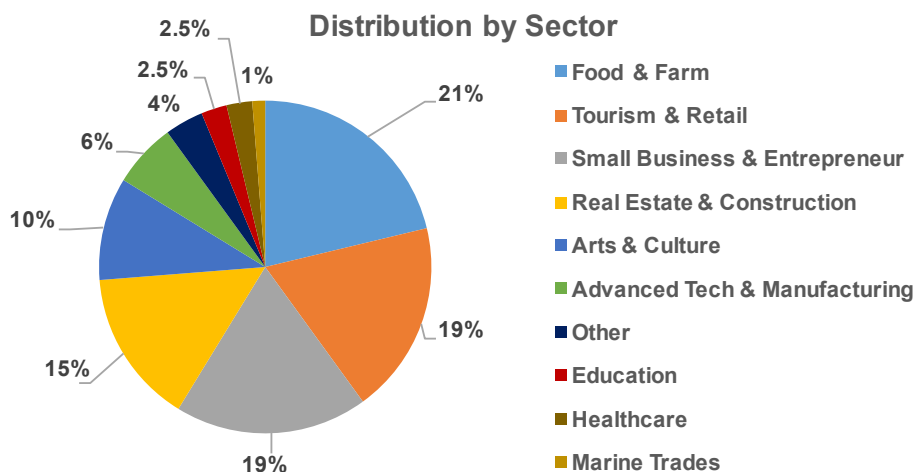
Overview



The Local Investing Opportunities Network (LION) is a network of local citizens whose mission is to build a prosperous and resilient community by investing their money locally in East Jefferson County, WA. Founded in 2008, two years after several individuals starting investing locally, LION now has 68 members. Local businesses and non-profit organizations submit Business Opportunity applications through EDC Team Jefferson to solicit interest and financial support from LION members. LION members may also invest in other opportunities which become known to them independent of the LION applications. Each LION member makes their own decisions as to whether, where and how to invest. Collectively LION members have invested at least \$9.4 million through 276 deals in 80 East Jefferson County businesses, non-profits, real estate or other entities that together had over 400 full and part employees at the end of 2019.

Profile of entities receiving financing

From 2006 to 2019 a total of at least 276 investments were made in 80 entities. These investments were distributed among Businesses (249), Real Estate (13), Non-Profits (9), and other entities (5). The median amount invested per entity was \$28,750¹, with a range from \$1,000 to \$2.2M.



Investments were made in all economic sectors listed by EDC Team Jefferson. Based upon the number of entities receiving financing (not the amounts received) the top three sectors were:

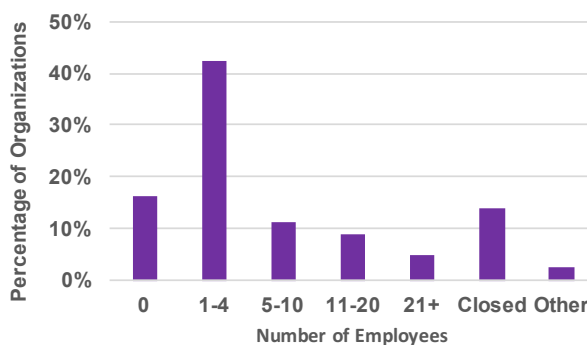
- Food & Farm: food production, grocery, farms, fishing and aquaculture.
- Tourism & Retail: restaurants, entertainment, retail, hospitality
- Small Business & Entrepreneur: service businesses, breweries, small businesses

These were followed by:

- Real Estate & Construction: real estate development, mortgage, home repair, solar
- Arts & Culture: performers, performance venues, galleries
- Advance Technology & Manufacturing: hi tech and manufacturing enterprises

The remaining four sectors accounted for about 10% of the investments.

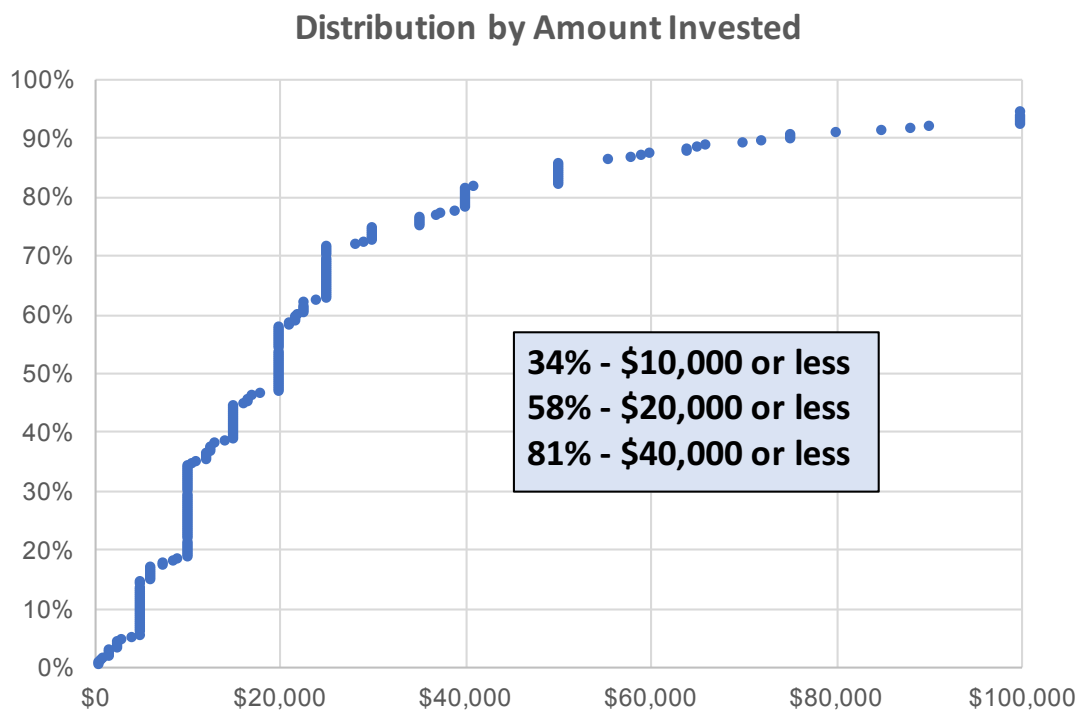
At the end of 2019, these 80 entities together had over 400 full or part time employees. While there may not be a direct link between a LION member investment and employment, each investment has contributed to the entity's operations. Forty-three percent of the entities had 1-4 employees, while 25% had 5 or more employees. Fourteen percent of the entities receiving financing had closed by the end of 2019. One-sixth of the entities had no employees.



¹ Half received more; half received less

Profile of investments by 36 LION members

The median LION investor has made 4 deals totaling \$96,500. However, the total investment made by a single LION member ranges from \$5,500 to \$1.9M. And the number of investments made by an individual LION investor ranges from 1 to 40.



The 276 Investments by LION members spanned a wide range of dollars with the majority of the investments being \$20,000 or less.

- Smallest investment was \$500
- Largest investment was \$475,000
- Median investment was \$20,000

These ranges illustrate that local investing can be accessible to almost everyone.

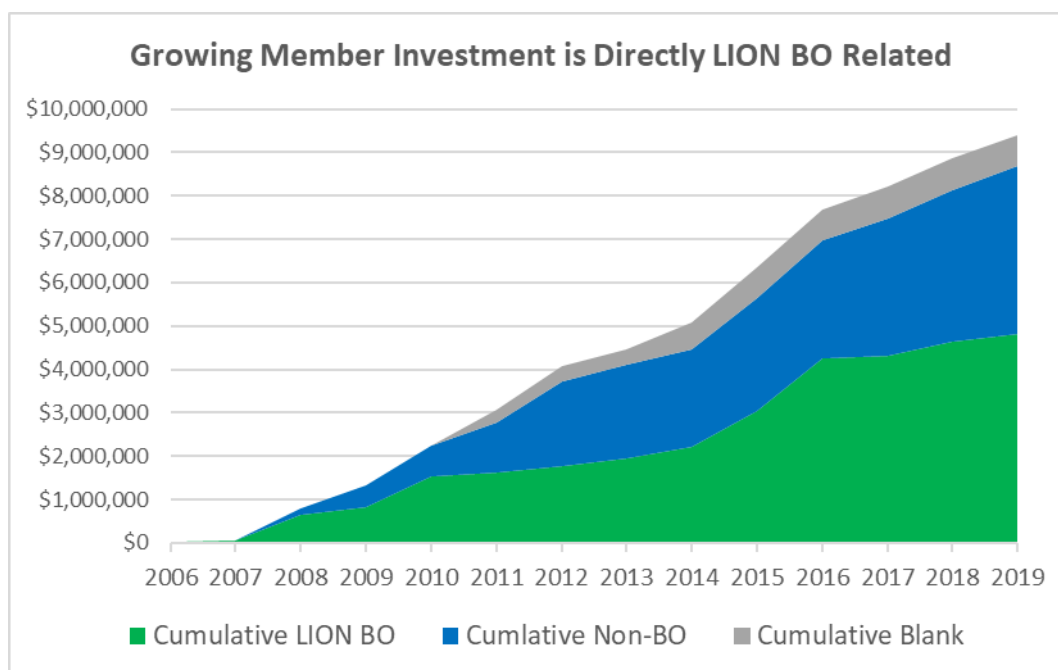
Sometimes a given business opportunity draws interest from multiple LION members. Over 40% of the business opportunities had more than one investor participate.

94% of the investments were loans, 5% were equity and 1% were mixed equity/loans

- 82% of the loans were unsecured
- 18% of the loans involved collateral

Profile of financing by source of applicants

Investors learned about entities seeking financing via Business Opportunity (BO) applications submitted to LION members through EDC Team Jefferson, and by other means. As the data below illustrates, LION serves an important role in making local investors accessible to many community businesses and non-profits who otherwise might not know about this community resource.



Business Opportunity submissions were the largest source for numbers of investments made:

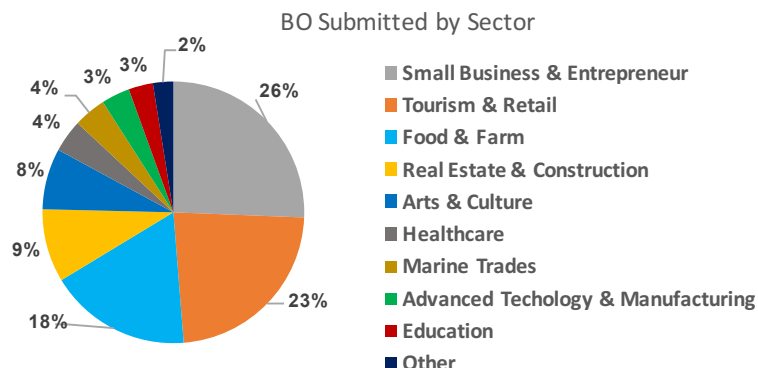
- Business Opportunity applications submitted to LION accounted for 166 investments.
- Opportunity that became otherwise known to the investor accounted for 100 investments.
- Ten of the investments had unidentified sources.

Cumulative dollars invested in entities from non-Business Opportunity sources are significant.

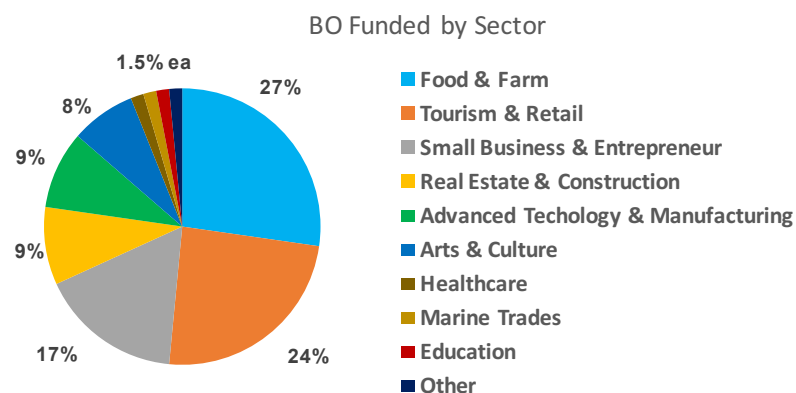
- Many of the non-Business Opportunity sources are second or subsequent investments made in an entity that originated from a Business Opportunity submission. In other words, once a relationship is established between investors and an entity, subsequent financing needs are often met with these investors without further Business Opportunity applications.

Profile of 199 Business Opportunity applications submitted to LION

The distribution of the 199 Business Opportunities applications submitted to LION investors shows a considerable variation across the Jefferson County economic sectors used by EDC Team Jefferson. Entities from the Small Business & Entrepreneur and Tourism & Retail sectors accounted for about half of the submissions. Food & Farm, Real Estate & Construction, and Arts & Culture accounted about one-third of the applications. Entities from the remaining sectors submitted fewer applications. This might indicate opportunities to reach out to these sectors, particularly the Marine Trades which has a large number of relatively small employers.

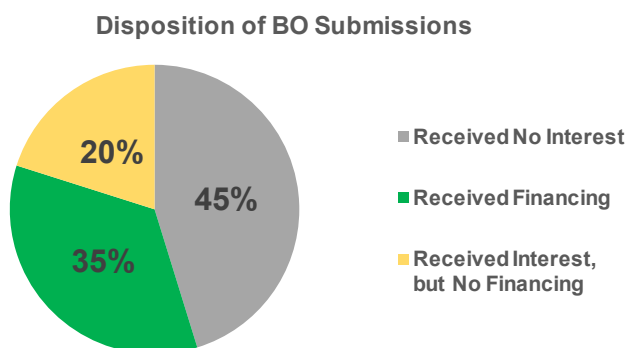


The distribution of Business Opportunity applications that were funded by LION investors shows a greater preference for Food & Farm and Advanced Technology & Manufacturing entities and less preference for Small Business & Entrepreneur than the percentage of applications in these sectors.



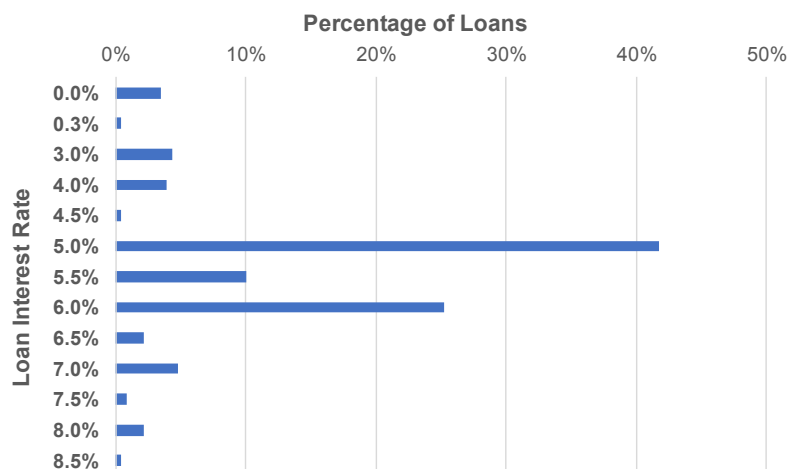
Comparing this chart with the one on page 2 which includes entities that were funded both from Business Opportunity applications and other sources, LION investors learned about more opportunities in the Real Estate & Construction sector from non-Business Opportunity sources.

About 45% of the 199 Business Opportunity applications submitted to LION attracted no initial interest from the LION investors. Of the 55% that did attract interest, about two-thirds of these eventually received financing from LION investors. Or overall, a little over one-third of the Business Opportunity submissions were eventually funded by LION investors.

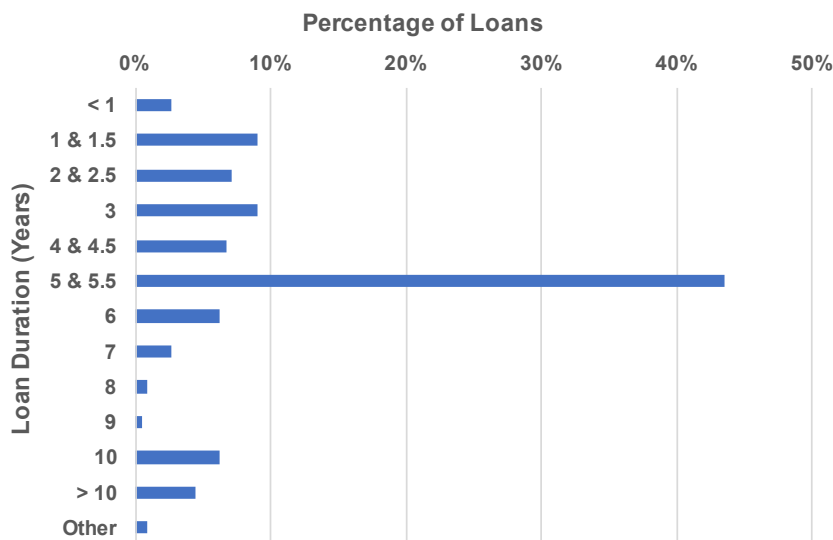


Profile of loan terms

LION investors have opted for a wide range of loan interest rates and durations, but many loans are clustered around average or mean values.



- The average or mean interest was 5.2%
- 77% of the loans were made with interest rates of 5% to 6%
- Interest rates varied from 0% to 8.5%



- The average or mean loan duration was 5.3 years
- Over 40% of the loans were made for a duration of 5 to 5.5 years
- 87% of the loans were for 7 years or less
- Loan durations ranged from 3 months to 30 years

Profile of investment status

The status of the 276 LION member investments as of the end of 2019 is shown both as a percent of dollars invested and as a percent of number of investments.

Investment Status	By Dollar	By Number
Current	41.6%	34%
Repaid	29.8%	30%
Modified	9.8%	12%
Defaulted	7.2%	11%
Unknown	6.4%	3%
Owned	3.1%	7%
Other	2.2%	3%

- Current All payments have been made, even if some payments were late.
- Repaid Loan has been repaid in full with all interest.
 - Many LION investors use repaid monies to re-loan within the community. These amounts are included within the \$9.4M total amount reported on the surveys.
- Modified Payment terms have been modified, but loans are current with modified payments.
 - LION investors can be more flexible than commercial lenders in responding to changed circumstances with their borrowers.
 - The next survey results will reflect numbers from the COVID-19 period. It is expected that many LION investors gave repayment relief to borrowers during the pandemic.
- Defaulted Stopped making or missed payments.
 - Some Defaulted loans may later change to Current or Modified status.
 - Some permanently defaulted loans had partial repayment.
 - For reference, the Small Business Association default rate based on number of loans is 17%.
- Unknown Responder did not specify
- Owned Equity investments
- Other Responder specified conditions
 - For example, a loan made to a non-profit was converted to a donation.

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