

Prying Open the Vault

Public and Mission Driven Financing for Local Journalism


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We are in
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Executive Summary

Hedge funds and private equity firms control at least 50% of daily news outlets, with no clear path to profitability other than cost-cutting.

The local journalism business model of the past, predicated on profitable advertising revenue and paying daily readers, has dissolved. From 2000 to 2020, newspapers lost about 81% of their advertising revenue, much of it to social media platforms. Since 2005, over 25% of local news outlets—2,200—have shuttered. Fifty percent of local reporting jobs are gone. The ongoing consolidation of the local press by hedge funds and private equity firms, focused on maximizing shareholders' profits, has hastened this decline. These firms control at least 50% of daily news outlets, with no clear path to profitability other than cost-cutting.¹

New York City's local news infrastructure has been badly weakened by these trends and the city's prominent news outlets turn toward a national focus and audience. The COVID 19 pandemic accelerated layoffs, mergers, and closings of local papers. During 2021, the Daily News newsroom was again dramatically cut by its new hedge fund owner; the Wall Street Journal ended its New York section; WNYC laid off staff; and BKLYNER drastically reduced its publication frequency.

As local newspapers have lost their capacity to deliver service journalism, myriad smaller news organizations have emerged to fill some of the gaps. These include new digital-first startups and legacy and ethnic community media, sometimes working independently or through formal partnerships and networks. Both start up and legacy local news organizations have fragile business

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1. Nicolaou, A. and Fontanella-Khan, J. (2021, January 21). The fight for the future of America's local newspapers. *The Financial Times*. <https://www.ft.com/content/5c22075c-f1af-431d-bf39-becf9c54758b>

models with little to no access to capital because of this precariousness, often compounded by a lack of familiarity with the commercial banking world.

According to a recent Rebuild Local News survey, 91% of local media outlets say a lack of financing has negatively impacted their ability to grow, make a profit, or become sustainable.² A survey of 103 publishers conducted by the National Trust for Local News, in partnership with the Lenfest Institute for Journalism and the Center for Community Media at the Craig Newmark Graduate School of Journalism found that 53% reported that their organization would go out of business in less than five years.³

We are in urgent need of new business models for this new ecosystem of local outlets.

We believe philanthropy cannot, and will not, do it on its own. The discussion of diversified revenue and stronger business models must advance quickly and with the support of funders who have a shared interest in the sustainability of news organizations.

Over the past 12 years, The Revson Foundation has invested \$15 million to help build and sustain local journalism in New York. The Foundation played a formative role in the research, development, and execution of the Advertising Boost Initiative (ABI), which resulted in the enactment of a local law requiring city agencies to spend at least half of their advertising budgets in community media outlets. Since 2020, The City of New York has invested about \$48 million in more than 250 nonprofit and for-profit outlets.

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ABI's success prompted Revson to identify additional sources of public funding that could be tapped to support the growth and sustainability of local news organizations. An obvious source is the plethora of **publicly supported small business financing programs**. In New York City, most community news outlets are small businesses, albeit with dual mandates to achieve financial sustainability and provide the public with information relevant to their lives.

In 2022, the Small Business Administration guaranteed \$1.453 billion in loans to 3,110 small businesses located in New York State. Could these and similar programs be a productive source of investment and financing for local news?

Public sector credit programs, some of which operate through private banks and mission driven funds, bolster New York's small business sector via loans and investments. Because local news outlets are also vital community assets, we wanted to learn more about local journalism's current and potential relationship

2. Rebuild Local News. (2023). *Letter to federal banking regulators: Include small local news outlets in the Community Reinvestment Act*. <https://www.rebuildlocalnews.org/solutions/banking/>

3. Ruiz, L. and Porter, C. (2023). *A Deep Dive into the Sustainability Needs and Concerns Among Community Media Outlets*. National Trust for Local News, the Lenfest Institute for Journalism, and the Center for Community Media at the Craig Newmark Graduate School of Journalism at the City University of New York. Chrome extension://efaidnbmnnnibpcjpcgicfindmkaj/https://www.nationaltrustforlocalnews.org/_files/ugd/f775fa_7e97e83ec04f42fe9db2445b05ef27d2.pdf

Absent more financial stability and consistent revenue sources, creative new financial tools, and potentially a philanthropic credit enhancement, most local news outlets cannot access existing loan tools.

with **Community Development Financial Institutions (CDFIs)**, which play a central role in financing community infrastructure such as health care clinics, day care centers, supermarkets, and affordable housing.⁴

To understand whether public or mission driven small business capital is a good match for NYC's local news outlets, we looked at the current financial strength and needs of a diverse set of NYC outlets and surveyed the potential public and mission driven sources of financing available to small businesses. We spoke to publishers, journalists, fundraisers, bankers, and government leaders.

In summary, we found that existing public financing tools intended for small businesses are not a viable match for most New York City local news outlets. Additionally, many outlets do not want or cannot take on loans. Absent more financial stability and consistent revenue sources, creative new financial tools, and potentially a philanthropic credit enhancement, most outlets cannot access existing loan tools.

4. CDFI's are private sector, financial intermediaries with community development as their primary mission and with a double bottom line: economic gains and contributions to the community. CDFI's include a variety of vehicles focused on community development: banks, loan funds, credit unions, microenterprise funds, corporation-based lenders and investors, and venture funds.

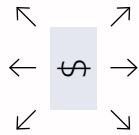


Our research suggests that there is significant public and mission driven CDFI capital available to support small businesses, but it is inaccessible to local news outlets in New York City for multiple reasons. There are numerous hurdles that the sector would need to overcome before accessing this major source of untapped financing.

For philanthropic entities supporting local journalism, the following steps would clarify how these sources can be used and make it more likely that this type of capital can play a future role in sustaining the sector.

1. Deploy philanthropic dollars to fuel the research and development of new financial products needed to unleash other sources of mission driven financing.
2. Reinforce policy efforts to generate new sources of consistent revenue.
3. Explore ways to scale local news outlets that would increase financing options.

1. Deploy philanthropic dollars to fuel the research and development of new financial products needed to unleash other sources of mission driven financing.



Across the country, myriad new digital-first startups and community oriented legacy outlets have stepped up to deliver local service journalism. These organizations are vital players in an evolution in how and for whom local news is provided. But for most outlets, sustainable business models are fragile and often elusive.

Philanthropy could borrow a page from its own storied history in forging mission driven investments and public/private partnerships that galvanized the financing of affordable housing, childcare, healthcare, small businesses, and supermarkets in communities struggling to attract investment. Philanthropic sources supported the R&D, piloting, and scaling of several types of credit enhancements and new financing products, which in turn attracted exponentially larger pools of public and private investment.

For decades, philanthropy has served as the “loss leader” in creating new markets and financial innovations that led to the establishment of CDFIs and other community investment institutions. It could jumpstart similar efforts for local journalism by:

- **Supporting case studies that closely examine the credit and equity needs of a select number of local news outlets with established track records of diverse and stable funding sources, upward trending readership, and robust original reporting—collectively representing a kind of ‘best in class’ across a diverse mix of ownership models, scale, and geographies.** CDFIs and mission-driven investors interested in exploring the potential for expanding their investments to include local journalism should be invited to participate in the research. This analysis would result in a clearer understanding of the opportunities and limitations of tapping into existing social investment financing mechanisms.
- **Developing credit and investment products tailored to local news outlets.** If, as this report infers, existing credit and equity tools are not well aligned nor applicable to current capital needs, philanthropy could support the development of credit and investment products tailored to the unique characteristics of local news outlets. These products might include lower barriers to application, market-leading interest rates, and flexible allowances for their use. Philanthropic funds could also be pooled to provide the credit enhancements needed to attract larger pools of investment from mission driven investors, and public and private sector sources. Without this intervention, banks, CDFIs, and other mission driven financing sources are unlikely to become active participants in this sector.
- **Partnering with local and/or state jurisdictions to create a public-private loan fund dedicated to local news outlets.** This loan fund could learn from NYC’s recent and successful Small Business Opportunity Fund.

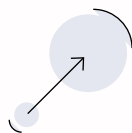
2. Reinforce policy efforts to generate new sources of consistent revenue.



Philanthropy can play an important role in underwriting public policy efforts to secure new consistent sources of revenue for the sector that could fuel growth.

- Rebuild Local News has [advocated](#) for the Community Reinvestment Act to include local media as an essential community supportive service, so that banks, CDFIs, and other intermediaries would be incentivized to direct investments there. CRA incentivized banks to join forces with the public sector and philanthropy to create new credit and investment products that have leveraged tens of billions for essential community infrastructure such as affordable housing, small businesses, and more. Rebuild Local News notes that local media should become “an integral part of banks’ efforts to better market their appropriate products and services,” including advertising in local media outlets serving low- and moderate-income communities.
- Rebuild Local News has also advocated for the [Local Journalism Sustainability Act](#) which includes three ways to augment local media’s existing revenue: payroll tax credits, subscriber tax benefits, and advertiser tax benefits. Each of these has the potential to generate ongoing revenue for outlets that would stabilize finances.
- Since 2020, NYC has required city agencies to spend at least half of their advertising budgets on community media. The city has invested about \$48 million in community media outlets. With funding from Revson, the Center for Community Media at the Newmark Graduate School of Journalism leads the [Advertising Boost Initiative](#), ensuring local outlets access these ad dollars, and is seeking to expand this model statewide and to other jurisdictions. In 2022 Chicago became the first city to replicate NYC’s groundbreaking model.

3. Explore ways to scale local news outlets that would increase financing options.



The more original content and readers that an outlet can deliver, the more likely it can demonstrate the stability and growth potential needed to access credit or equity financing. Delivering enough quality content requires resources and is needed to attract resources, such as memberships/subscriptions and advertising. Considering the significant number of outlets in New York City competing for readers, mergers, networked efforts, and hub and spoke models should be considered if the sector wants to attract public and private capital.

Findings

CCM's affiliated outlets serve 25 different communities of color and deliver news in 37 languages.

1. A large segment of NYC's local news sector is composed of very small outlets with few staff and small readerships.

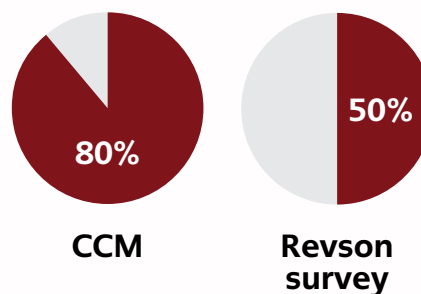
About 70% (241) of the 346 community outlets who receive technical assistance and resources from the Center for Community Media (CCM) at the Newmark Graduate School of Journalism are for-profit, local independent outlets, or local affiliates of national or foreign news entities. Forty identify as non-profit. CCM's affiliated outlets serve 25 different communities of color and deliver news in 37 languages. Some are larger for-profit media houses, often subsidiaries of large companies such as El Diario and Korea Daily. There are also medium sized for-profit media entities that include daily digital news and/or regular print publications, such as the Haitian Times and Amsterdam News.

More than half of the active outlets involved with CCM are very small and have between one and five staff. Examples include South Asian Times and Queens Latino. There are also local nonprofit outlets such as THE CITY, Gotham Gazette, and Documented that vary in size and readership. Eighty percent of CCM's partners have ten or fewer staff while 50% of the outlets surveyed by Revson were that size.

TABLE 1 | Staff Size of CCM Affiliated Outlets and Outlets Surveyed by Revson

STAFF SIZE	# OUTLETS CCM	% CCM	# OUTLETS REVSON SURVEY	% REVSON SURVEY
1- 5 staff	117	56%	4	33%
6 - 10 staff	50	24%	2	17%
11 - 20 staff	22	10%	2	17%
21 - 50 staff	13	6%	2	17%
50 + staff	8	4%	2	17%
Total	210	100%	12	100%

Outlets with 10 or fewer staff



Of CCM’s affiliates that continue print circulation, 62% have a print circulation of less than 20,000. Among the 12 outlets surveyed by Revson, average monthly unique users ranged from 25,000 to more than 550,000. All but one of the outlets surveyed had 200,000 or fewer average monthly unique users. Average monthly pageviews ranged from 57,000 to more than 800,000. Without a significant and growing readership, it is hard to attract advertising and philanthropic dollars. But as survey respondents noted, it is hard to increase story production, quality, and readership without resources.

Smaller outlets that limit their marketing outreach to specific communities and/or geographic areas have run up against the natural parameters of their readership. In some cases, this has been compounded by little to no digital presence and outdated media kits. Some outlets struggle to meet the technical requirements and online visibility thresholds to qualify for digital ad campaigns.

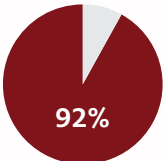
TABLE 2 | Print Circulation of CCM Affiliated Outlets

PRINT CIRCULATION	# OUTLETS CCM	%
Less than 5,000	19	16%
5,000 - 9,999	21	18%
10,000 - 19,999	33	28%
20,000 - 49,999	20	17%
50,000 +	23	20%
Total	116	100%

TABLE 3 | Online Readership of Outlets Surveyed by Revson

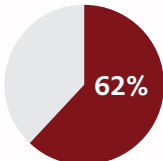
AVERAGE MONTHLY PAGEVIEWS	# OUTLETS	AVERAGE MONTHLY UNIQUE USERS	# OUTLETS
0 - 100,000	2	0 - 100,000	6
101,000 - 200,000	3	101,000 - 200,000	5
201,000 - 300,000	3	201,000 - 300,000	0
301,000 +	1	301,000 +	1
Not given	3	Not given	0
Total	12	Total	12

200,000 or fewer
average monthly
unique users



Revson
survey

Print circulation of
less than 20,000



CCM

"We need more revenue but don't have staff to go out and get it."

2. Managing cash flow and covering expenses is a challenge for many NYC local media outlets.

Survey respondents repeatedly indicated that limited cash flow and a lack of resources to expand staff are the main obstacles to their viability and growth. Among 12 respondents, only one said that lack of capital was not a problem. One outlet explained: "We need more revenue but don't have staff to go out and get it. We have no dedicated development staff or audience development staff."

NTLN similarly concluded that NYC outlets "face steep financial odds" and that "without solutions to some of their core investment challenges, these outlets risk extinction."⁵ While these outlets need resources and infrastructure to sustain them, many do not have enough financial stability to want or secure a loan from a bank or CDFI.

TABLE 4 | Annual Revenue of Outlets Surveyed by Revson

ANNUAL REVENUE	# OUTLETS
\$0 - 400,000	2
\$401,000 - \$800,000	2
\$801,000 - \$1,200,000	1
\$1,200,001 - \$1,800,000	4
\$7,000,000 +	2
Total	11

3. Outlets are pursuing and using multiple sources of revenue, but this has not yet solved cash flow challenges.

Among outlets surveyed by Revson, eight had at least four different sources of revenue, such as advertising, foundation grants, subscriptions, and events/services. Advertising and foundation grants were the most common source of revenue.

TABLE 5 | Sources of Revenue

SOURCE OF REVENUE	# OUTLETS	% REVENUE RANGE	% REVENUE AVERAGE
Advertising or Sponsorships	9	1 - 99%	46%
Foundation or Corporate Grants	9	17 - 93%	52%
Individual Donations/Memberships	7	3 - 67%	22%
Events/Services (incl. legal notices)	7	.29 - 67%	18%
Subscriptions/Circulation	6	.26 - 53%	14%

5. Ruiz, L. and Porter, C. (2023). A Deep Dive into the Sustainability Needs and Concerns Among Community Media Outlets. National Trust for Local News, the Lenfest Institute for Journalism, and the Center for Community Media at the Craig Newmark Graduate School of Journalism at the City University of New York. Chrome extension://efaidnbmninnbpcjpcglclefindmkaj/https://www.nationaltrustforlocalnews.org/_files/ugd/f775fa_7e97e83ec04f42fe9db2445b05ef27d2.pdf

The Small Business Administration (SBA) delivered more than \$1.2 trillion dollars in relief to small businesses in FY22.

4. NYC's local news outlets have not accessed public or private loans and have generally had negative experiences with the banking industry.

The only experience most local news outlets have had with borrowing was the SBA Paycheck Protection Program (PPP) during the pandemic, and these loans were forgiven. All survey respondents had banking relationships, but only one had ever borrowed from a bank. Several had made unsuccessful attempts to borrow from banks. One respondent indicated that they had a line of credit from a bank but that was after years of negotiation while another said they were turned down for a line of credit. Another described accessing banking services as difficult. At least one outlet indicated they did not have the capacity to borrow at this time. This finding was also confirmed by NTLN which found that NYC publishers expressed frustration about their inability to secure loans and skepticism about traditional loans, although 80% of those surveyed had pursued commercial or personal loans to support their operations.⁶

CCM indicated that immigrant-led outlets generally have been unable to secure loans. One such publisher shared that he was looking for a \$600,000 loan from a major financial institution. They denied him, saying his credit score of 760 was too low. Another outlet shared that a bank required his outlet to show that it could generate at least \$500,000 in revenue that year. A national survey conducted by Rebuild Local News found similar results: 74% of local outlets had not obtained loans or grants from local banks.⁷

5. The significant financial requirements of federal and state small business loan assistance programs make them currently inaccessible to most NYC local news outlets.

The Small Business Administration (SBA) delivered more than \$1.2 trillion dollars in relief to small businesses in FY22. Among the SBA federal loan programs and the Empire State Development state programs that we reviewed, all have significant credit criteria to qualify, including requiring good equity and credit scores and a history of profitability. For federal SBA programs, the actual lenders, often banks, add more requirements.

Setting aside the high bars to access these loans, some of these tools simply may not be a good fit for the needs of local news outlets. For instance, the SBA microloan program is the dominant source of capital for most small businesses, but it caps loans at \$50,000. Additionally, the SBA Community Advantage program allows loans up to \$350,000 but limits inherent risk in the end-loans and often requires collateral.

6. Ruiz, L. and Porter, C. (2023). *A Deep Dive into the Sustainability Needs and Concerns Among Community Media Outlets*. National Trust for Local News, the Lenfest Institute for Journalism, and the Center for Community Media at the Craig Newmark Graduate School of Journalism at the City University of New York. Chrome extension://efaidnbmnnnibpcajpcglclefindmkaj/https://www.nationaltrustforlocalnews.org/_files/ugd/f775fa_7e97e83ec04f42fe9db2445b05ef27d2.pdf

7. Rebuild Local News. (2023). *Letter to federal banking regulators: Include small local news outlets in the Community Reinvestment Act*. <https://www.rebuildlocalnews.org/solutions/banking/>

CDFIs are not proactively searching for media companies because they have not been viewed as a “high social impact” sector.

SBA has several loan products under their 7(a) program that could be used by local news outlets, but there are considerable obstacles, such as:

- Personal credit score of owners of at least 680 and willingness to use alternative financial resources, including personal assets, before seeking financial assistance.
- Requiring borrowers to outlay a down payment of 10-20%.
- Requiring collateral such as accounts receivable, equipment, personal homes, and the SBA tries to take liens on collateral equal to the amount of their loan.
- Interest rates are currently high. An SBA guarantee loan rate for terms of less than 15 years might be up to 10.75% as of April 2023.

6. Among the government programs we surveyed, NYC’s Small Business Services’ (SBS) programs appear best suited to local news outlets currently.

SBS does not lend directly, but they do provide credit support to several CDFIs for small business loans. They offer free assistance—understanding which financial product is best suited; assembling applications; calculating loan repayment terms and more—to small businesses to apply for federal, state, local, and private funds.

In January 2023, SBS launched a public-private partnership loan fund for start-up, growth stage small businesses or those in need of a boost post-pandemic. These loans, through their Small Business Opportunity Fund, have lower financial requirements: no minimum credit score, loans up to \$250,000 at a 4% fixed interest rate, and no application fee. After about three weeks, SBS closed applications because of the high level of inquiries. In June 2023, SBS announced that the fund provided \$50.5 million to 601 small businesses. The Fund involved Goldman Sachs, Mastercard, and local CDFIs.

7. There is a significant disconnect between local news and private lending institutions.

CDFIs and banks have little to no experience lending to local news outlets and likely perceive small outlets as credit risks. Among the 23 CDFIs surveyed, only one had provided loans to media companies, and those companies were large. Most NYC news outlets would not meet the criteria for loans or credit from a bank or CDFI. More specifically, commercial banks would be looking for profitability, good credit records, and sufficient equity before issuing a loan.

CDFIs report that they have not received any noticeable volume of requests for financing from media companies. On the flip side, CDFIs are not proactively searching for media companies because they have not been viewed as a “high social impact” sector. This is a mischaracterization that the Rebuild Local News coalition is seeking to remedy. Another barrier for some is that most small business CDFIs cannot lend to non-profits.

8. Some CDFIs outside of New York have financed media companies, and we identified two CDFI small business lenders with interest in supporting the local news sector in New York.

Some CDFIs in the Pacific Northwest, South Dakota, Northern California, and some with a national focus have successfully financed media companies. These CDFIs have unique characteristics: flexible capital sources, not dependent on SBA, and can extend loans up to at least \$1 million. They are business finance generalists with a low volume of loans and more staff time to underwrite high-touch loans that would be relevant for this sector.

Pursuit CDFI has funded 64 community loans totaling \$2.75 million to media businesses since 2016. They also estimate they have provided 150 media companies with business advisory services. The product that Pursuit suggests may best fit local media outlets is the Pursuit SmartLoan, described in Appendix II.

TruFund is a CDFI serving the New York City area and focused on small business lending, including to non-profits. TruFund has limited experience with local media outlets but suggested that at least one of their more flexible products, the TruFund Small Business Loan might be an option. It is also described in Appendix II.

Acknowledgements

This paper benefited from the expertise of many people from the journalism and banking sectors. We gratefully acknowledge the generous contributions of the Center for Community Media at the Newmark Graduate School of Journalism and of the publishers from local news outlets who shared their data and experience with us. We are also indebted to the government, banking, and CDFI leaders for thinking creatively with us about loan options for local news. Thank you to Darlie Gervais, Dick Tofel, Feather Houstoun, Graciela Mochkofsky, Jacob Boehm, Jehangir Khattak, Jim Friedlich, Sarah Bartlett, and Steve Waldman for feedback on the concepts discussed here or early drafts. The statements made and views expressed here, however, are solely the responsibility of the authors.

Government Programs that Serve Small Businesses

The U.S. Small Business Administration (SBA): The SBA has several loan guarantee products under their 7(a) program where banks or other financial institutions do the actual lending. Some of these programs could be used by local media, but there are considerable obstacles to accessing them.

Basic Uses for an SBA Loan:

- Long and short-term working capital
- Revolving funds based on the value of existing inventory and receivables
- The purchase of real estate, including land and buildings
- The purchase of equipment, machinery, furniture, fixtures, supplies, materials
- The construction a new building or renovation of an existing building
- Establishing a new business or assisting in the acquisition, operation, or expansion of an existing business, though many banks will not finance start-ups

There are several SBA programs that may work for local media outlets: SBA 7(a); SBA Express; and SBA Community Express and Microloans.

Local Media Outlets may qualify if they meet minimum credit standards:

- Personal credit score of owners of at least 680
- No bankruptcies, either personal or corporate
- Operate for-profit
- Meet SBA small business definition: current limit for a newspaper or periodical publisher is 1000 employees
- Have reasonable invested equity
- Willing to use alternative financial resources, including personal assets, before seeking financial assistance
- Be able to demonstrate a need for a loan; use funds for a sound business purpose
- Not be delinquent on any existing debt obligations to the U.S. government

Obstacles to Obtaining an SBA Loan 7(a) or an SBA Express Loan:

- Each bank that does SBA lending can overlay the SBA credit requirements with their own requirements. The SBA provides a partial guarantee on the loans, but the banks originate them and work directly with the borrowers.
- SBA loans generally require equity to be provided by the borrower or a down-payment of 10-20%. In other words, if the business needs to borrow \$1 million, they will likely need to provide \$100,000 of their own funds or capital as equity and only be able to borrow \$900,000.
- SBA loans all require collateral such as accounts receivable, equipment, personal homes, etc. In general, the SBA tries to take liens on collateral equal to the amount of their loan. These loans also require personal guarantees.
- In general, it is easier for a small business to get an SBA guaranteed loan that is less than \$250,000.
- Interest rates are high: as of March 13, 2023, SBA guarantee loan rate for terms of less than 15-year term is Prime (8%) plus 2.75 % for a total rate of 10.75%.

The City of New York: The City of New York does not directly lend to small businesses through the New York City Economic Development Corporation at this time, but the New York City Small Business Services (SBS) does provide credit support to several CDFIs for small business loans and has a fund directed at women owned businesses for small loans that is administered through CDFIs.

In addition, SBS offers free assistance to apply to available loan and grant resources, including federal, state, local, and private funds. They help businesses:

- Understand which financial product is best suited to their needs
- Review and put together documents
- Calculate loan repayment terms
- Connect with multiple lenders – including banks, credit unions, non-profit lenders, and the U.S. SBA
- Prepare SBA loan forgiveness documents
- Understand loan payment deferment options

CDFIs Serving NYC with Stated Interest in Local Media

Pursuit CDFI: Pursuit Community Finance has funded 64 community loans totaling \$2.75 million to businesses in media since 2016. The Pursuit SmartLoan provides fast small business loans with flexible terms. Through this program, businesses can access up to \$100,000 in funding at a fixed interest rate with affordable monthly payments. Applications can be done online for the Pursuit SmartLoan and be funded in as soon as five business days.

Terms of the Pursuit SmartLoan include:

- Loan amounts from \$10,000 to \$100,000
- Interest rate up to a maximum of 11.9%
- Term of up to 6 years
- Fees up to 5%
- Decision within two business days of submitting a complete loan application, with all required documentation

TruFund CDFI: TruFund is a CDFI serving the New York City area and focused on small business lending, including lending to non-profits. TruFund has limited experience with local media outlets but suggested that at least one of their more flexible products, the TruFund Small Business Loan, might be an option.

To be eligible, the business or non-profit should have its main office in a low-or-moderate -income (LMI) community. They also give priority to women and/or minority owned businesses, regardless of location. In addition to the credit criteria listed below, TruFund is a “global” underwriter. This means they look at both the business and the personal financials of the owners (at least 20% owner) and credit records in underwriting a loan.

TruFund does not provide lines of credit but will do term loans for three months to five years or more. In some circumstances they will do interest only term loans for the first six months to assist with cash flow issues. They

will do short term financing for additional staff to cover first three months of expenses. They will not lend to anyone who has a recent personal or business bankruptcy.

Terms and Conditions for the TruFund Small Business Loan:

- Locations: New York, New Jersey, Louisiana, Alabama, Texas, and Georgia.
- Amount: \$50,000 – \$1,000,000
- Loan Structure: Term loans, no lines of credit
- Terms: Six months to five years.
- Interest Rate: 8%
- Application Fee: \$250 Closing Fee and 3.5% for New York applications.
- Operating businesses must meet one of the following criteria:
 - Located in a low-to-moderate income area
 - Majority owned by minority business owner
 - Eligible nonprofit entity (human or social services, arts/culture organizations)
- Credit: Must have a 600 FICO credit score (below 600 may be approved in certain circumstances)
- Minimum Debt-Service Coverage Ratio: 1.25x but will go down to 1.0
- Collateral Requirement: Business must have minimum revenue of \$100,000 in prior year
- Repayment Terms: Monthly P&I payments (may have interest-only period)
- Business Requirements: Business must have been in operation for at least two years.
- Business Requirements for nonprofits: Nonprofit must have been in operation for at least two years

Methodology

To understand whether public or mission driven small business capital is a good match for NYC's local news outlets, we looked at the current financial strength and needs of a diverse set of NYC outlets and surveyed the potential public and mission driven sources of financing available to them. We spoke to publishers, journalists, fundraisers, bankers, and government leaders.

We also:

- Selected a diverse group of for-profit and non-profit news outlets to survey. Twelve outlets responded: half are non-profit, and half are for-profit. They detailed their current financing and size, revenue challenges and needs, and experience with government, bank, and CDFI financing. We also reviewed data from the Center for Community Media at the Newmark Graduate School of Journalism about their affiliates.
- Reviewed federal, state, and local programs that support small businesses. We reviewed lending and assistance programs housed at the federal Small Business Administration, the State of New York Empire State Development, City of New York Economic Development Corporation, and City of New York Small Business Services to understand the applicability of their programs to local media.
- Interviewed executives at relevant state and city agencies and a major bank that specializes in SBA lending.
- With the generous assistance of a major financial institution, surveyed 23 CDFIs that serve New York City.
- Interviewed two CDFIs that serve small businesses and/or non-profits in the New York City area and have an interest in financing local media.