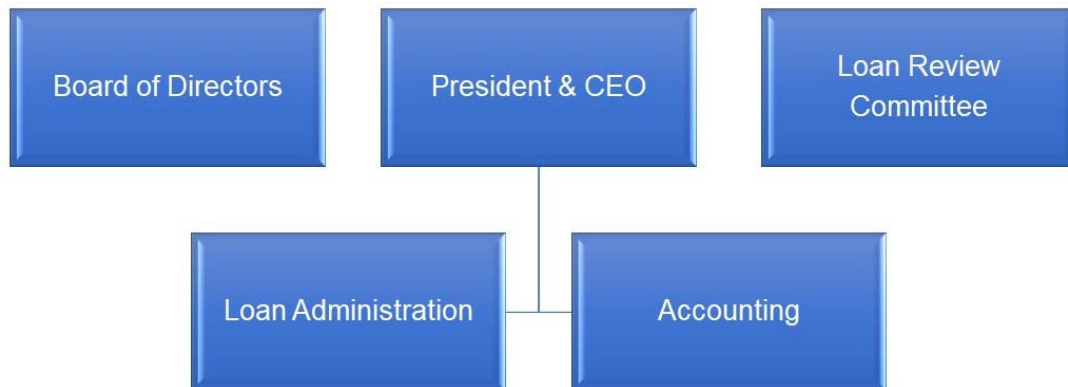


Financial Services Corporation



MISSION AND SERVICES

Financial Services Corporation (FSC First) is a non-profit organization whose mission is to provide small and minority-owned businesses access to creative, flexible and innovative financing solutions for their operations including direct loans, accounts receivable financing and contract financing (e.g., commercial real estate and equipment loans).

CORE SERVICES

- Promote the availability of non-bank business financing solutions
- Provide access to capital for small and minority-owned businesses
- Provide loan packaging services
- Manage and service a diverse economic development loan portfolio

FY 2022 KEY ACCOMPLISHMENTS

- Counseled 173 businesses.
- Funded \$10.2 million in loans.
- Created and retained 481 jobs through loan programs.
- Funded \$800,000 in grants.
- Assisted 200 businesses with grants.

STRATEGIC FOCUS AND INITIATIVES FOR FY 2023

The agency's top priorities in FY 2023 are:

- Lend \$10.2 million in new loans to local businesses through various federal, State and local programs.

FY 2023 BUDGET SUMMARY

The FY 2023 approved budget for the Financial Services Corporation is \$2,062,400, an increase of \$96,400 or 4.9% over the FY 2022 approved budget. The organization’s grant from the County totals \$1,137,300, an increase of \$42,500 or 3.9% over the FY 2022 County grant.

Reconciliation from Prior Year

| | Expenditures |
|--|---------------------|
| FY 2022 Approved Budget | \$1,966,000 |
| Increase Cost: Compensation - Mandated Salary Requirements | \$55,300 |
| Increase Cost: Operating — Increase in insurance premiums, software license maintenance fees, travel, telephone and other miscellaneous office expenses | 24,900 |
| Increase Cost: Fringe Benefits — Increase in fringe benefit expenses to align with projected costs | 16,200 |
| FY 2023 Approved Budget | \$2,062,400 |

FY 2023 OPERATING BUDGET

Revenues by Category

| Category | FY 2021 Actual | FY 2022 Budget | FY 2022 Estimate | FY 2023 Approved | Change FY22-FY23 | |
|---------------------------------|--------------------|--------------------|--------------------|--------------------|------------------|-------------|
| | | | | | Amount (\$) | Percent (%) |
| County Grant | \$1,203,100 | \$1,094,800 | \$1,094,800 | \$1,137,300 | \$42,500 | 3.9% |
| Legacy & County COVID-19 Grants | 1,418,931 | | | | — | |
| Net Loan Program Income | 215,526 | 182,000 | 225,000 | 275,000 | 93,000 | 51.1% |
| Management/Servicing Fees | 328,558 | 518,500 | 600,000 | 600,000 | 81,500 | 15.7% |
| Net Fundraising Revenue | 102,324 | 150,700 | 170,000 | 32,600 | (118,100) | -78.4% |
| Other Income | 43,428 | 20,000 | 25,500 | 17,500 | (2,500) | -12.5% |
| Total | \$3,311,867 | \$1,966,000 | \$2,115,300 | \$2,062,400 | \$96,400 | 4.9% |

Expenditures by Category

| Category | FY 2021 Actual | FY 2022 Budget | FY 2022 Estimate | FY 2023 Approved | Change FY22-FY23 | |
|-----------------|--------------------|--------------------|--------------------|--------------------|------------------|-------------|
| | | | | | Amount (\$) | Percent (%) |
| Compensation | \$1,122,728 | \$1,074,400 | \$1,211,800 | \$1,129,700 | \$55,300 | 5.1% |
| Fringe Benefits | 292,896 | 313,700 | 353,800 | 329,900 | 16,200 | 5.2% |
| Operating | 1,793,919 | 577,900 | 549,700 | 602,800 | 24,900 | 4.3% |
| Total | \$3,209,543 | \$1,966,000 | \$2,115,300 | \$2,062,400 | \$96,400 | 4.9% |

SERVICE DELIVERY PLAN AND PERFORMANCE

Goal 1 — To strengthen the County's thriving economy by providing small and minority-owned businesses with access to creative, flexible and innovative financing solutions for their operations.

Objective 1.1 — Increase the amount of capital made available to businesses (millions).

| FY 2027 Target | FY 2020 Actual | FY 2021 Actual | FY 2022 Estimated | FY 2023 Projected | Trend |
|----------------|----------------|----------------|-------------------|-------------------|-------|
| \$8.0 | \$3.4 | \$5.1 | \$6.2 | \$7.0 | ↑ |

Trend and Analysis

FSC First's primary goal is to increase the amount of capital available to businesses. The agency also seeks to serve County-based business owners and new entrepreneurs seeking sources of capital. In FY 2022 and continuing into FY 2023, FSC First is utilizing analysis tools to provide performance measure projections. FSC First experienced an increase in loan approvals by 46% and loan closings by 51% from FY 2020 to FY 2021. However, the average loan size was 5% smaller, signaling that businesses are less averse to new debt. Businesses are being careful not to overextend themselves as the economy recovers from the pandemic. The pipeline is slowly recovering as FSC First is seeing an uptick in loan applications for the purpose of purchasing real estate (SBA 504 Real Estate loans). A favorable interest rate of 2.78% contributes to this trend. Subsequently, FSC First has experienced an extremely modest increase in revenue (1.82%) from FY 2020 to FY 2021.

During FY 2021 and continuing into FY 2022, FSC First has continued to respond to the crisis created in the business community by COVID-19, as a grant administrator (application review & grant processing) for the County and the Department of Commerce. Both the County and the State have provided funding for grants for Purple Line Corridor impacted businesses. To date, 76 grants totaling \$380,000 have been awarded. By the end of FY 2022 3Q, FSC First anticipates that approximately \$800,000 in grants will be awarded across the two programs.

Performance Measures

| Measure Name | FY 2019 Actual | FY 2020 Actual | FY 2021 Actual | FY 2022 Estimated | FY 2023 Projected |
|---|----------------|----------------|----------------|-------------------|-------------------|
| Resources (Input) | | | | | |
| Loan administration staff | 6 | 7 | 7 | 6 | 6 |
| Core lending programs | 7 | 13 | 8 | 10 | 12 |
| Workload, Demand and Production (Output) | | | | | |
| Businesses counseled/serviced | 278 | 105 | 1,134 | 398 | 358 |
| Applications (intake) | 57 | 32 | 42 | 53 | 44 |
| Applications pre-qualified | 0 | 0 | 999 | 0 | 0 |
| Applications underwritten | 30 | 19 | 27 | 25 | 35 |
| Applications approved | 19 | 19 | 27 | 20 | 35 |
| Total approved loan amount (millions) | \$7.9 | \$3.5 | \$5.1 | \$6.8 | \$10.2 |
| Approved and unfunded Loans (millions) | \$3.5 | \$1.2 | \$0.6 | \$2.6 | \$1.7 |
| Efficiency | | | | | |
| Approved loans per loan administration staff | 3 | 3 | 4 | 3 | 6 |
| Total portfolio revenues (thousands) | \$0.6 | \$0.5 | \$0.5 | \$0.7 | \$0.8 |

Performance Measures *(continued)*

| Measure Name | FY 2019 Actual | FY 2020 Actual | FY 2021 Actual | FY 2022 Estimated | FY 2023 Projected |
|--|---------------------------|---------------------------|---------------------------|------------------------------|------------------------------|
| Quality | | | | | |
| Loans closed and funded | 11 | 17 | 27 | 17 | 30 |
| Current ratio of loan portfolio that is less than 45 days delinquent | 92% | 85% | 93% | 85% | 85% |
| Impact (Outcome) | | | | | |
| Funded and closed loans (millions) | \$11.0 | \$3.4 | \$5.1 | \$6.2 | \$7.0 |
| Jobs created and/or supported | 713 | 235 | 494 | 1,013 | 481 |
| Percentage of approved loans funded (closing ratio) | 58% | 89% | 88% | 61% | 61% |

