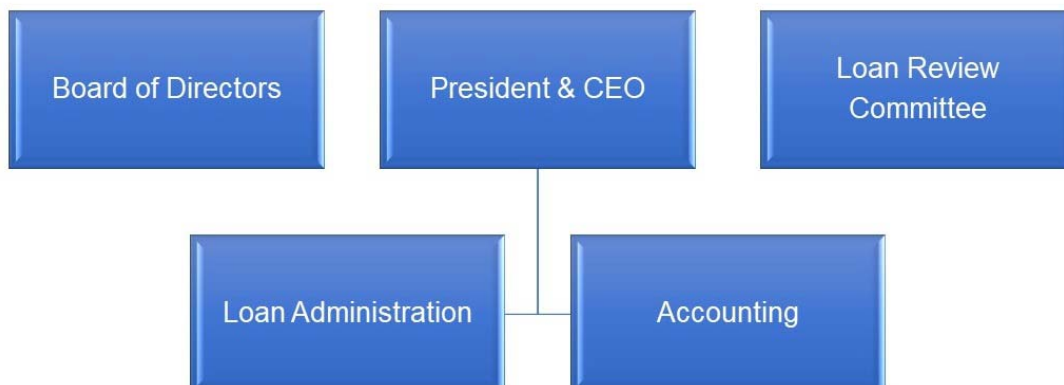


Financial Services Corporation



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 2024 KEY ACCOMPLISHMENTS

- Counseled 200 businesses.
- Funded \$10 million in loans.
- Created and retained 900 jobs from loans provided.
- Funded \$700,000 in grants.
- Assisted 70 businesses with grants.

STRATEGIC FOCUS AND INITIATIVES FOR FY 2025

The agency's top priorities in FY 2025 are:

- Lend \$10 million in new loans to local businesses through various federal, State and local programs.

FY 2025 BUDGET SUMMARY

The FY 2025 proposed budget for the Financial Services Corporation is \$2,380,000, a decrease of -\$1,028,100 or -30.2% under the FY 2024 approved budget. The organization’s grant from the County totals \$1,177,100 and remains unchanged from the FY 2024 budget level.

Reconciliation from Prior Year

	Expenditures
FY 2024 Approved Budget	\$3,408,100
Increase Cost: Operating — Increase in operating costs for legal fees, portfolio services, software and staff development	\$39,000
Decrease Cost: Operating — Decrease in operating costs for interest expense, loan loss reserves and special program expenses	(102,300)
Decrease Cost: Compensation — Decrease in compensation costs due to the elimination of the ARPA grant	(407,300)
Decrease Cost: Operating — Decrease in operating costs due to the elimination of the ARPA grant	(557,500)
FY 2025 Proposed Budget	\$2,380,000

FY 2025 OPERATING BUDGET

Revenues by Category

Category	FY 2023 Actual	FY 2024 Budget	FY 2024 Estimate	FY 2025 Proposed	Change FY24-FY25	
					Amount (\$)	Percent (%)
County Grant	\$1,137,300	\$1,177,100	\$1,177,100	\$1,177,100	\$—	0.0%
American Rescue Plan Act Grant	500,000	1,156,300	1,200,000	—	(1,156,300)	-100.0%
Management/Serviceing Fees	639,692	662,800	731,000	811,400	148,600	22.4%
Net Fundraising Revenue	293,937	50,000	51,000	105,000	55,000	110.0%
Net Loan Program Income	283,824	343,100	275,000	231,500	(111,600)	-32.5%
Other Income	25,839	18,800	18,900	55,000	36,200	192.6%
Marketing Grant - MD Dept of Commerce	300,000	—	—	—	—	—
Total	\$3,180,592	\$3,408,100	\$3,453,000	\$2,380,000	\$(1,028,100)	-30.2%

Expenditures by Category

Category	FY 2023 Actual	FY 2024 Budget	FY 2024 Estimate	FY 2025 Proposed	Change FY24-FY25	
					Amount (\$)	Percent (%)
Compensation	\$1,382,921	\$1,692,400	\$1,692,400	\$1,285,100	\$(407,300)	-24.1%
Fringe Benefits	335,490	431,700	424,500	431,700	—	0.0%
Operating	1,371,284	1,284,000	1,336,100	663,200	(620,800)	-48.3%
Total	\$3,089,695	\$3,408,100	\$3,453,000	\$2,380,000	\$(1,028,100)	-30.2%

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 2029 Target	FY 2022 Actual	FY 2023 Actual	FY 2024 Estimated	FY 2025 Projected	Trend
\$10.5	\$3.6	\$6.1	\$10.8	\$10.0	↑

Trend and Analysis

FSC First's primary goal is to increase the amount of capital available to businesses and the number of businesses that are approved for loans as FSC First continues to serve the business owners and new entrepreneurs in the County seeking sources of capital. In FY 2023 and continuing into FY 2024, the organization is using trends and empirical data analysis to project performance measures. Additionally, FSC First provides technical assistance through its Level Up Assistance Program, a collaborative initiative in Maryland supporting small and minority-owned businesses with access to capital, training, coaching, mentoring and networking opportunities. The program aims to equip entrepreneurs with practical tools for business success, fostering skill improvement and business growth.

Excluding an outlier, the year over year average loan approvals remained consistent at \$4.9 million. In FY 2024, FSC observed an increase in loan approvals during the first and second quarters and projects a substantial 54% increase in total loan approvals by the end of the fiscal year. Moreover, the average loan size has grown by 47%, indicating confidence in both starting and expanding businesses. This reflects a 24% increase in loan size compared to the previous year's growth rate of 23%. In FY 2023, the pipeline saw a 66% increase in loan approvals and a 16% increase in loan closings over FY 2022. In addition to the existing 14 programs, FSC is anticipating launching two new programs in FY 2025 which will generate additional revenue once the programs are funded.

FSC continues to serve as the grant administrator for the County's Purple Line Business Assistance grant program and the Maryland Department of Commerce's Purple Line grant program funding \$793,400 to 155 businesses. The Level Up Program served 563 businesses in the 1st quarter of FY 2024 and a total of 2,036 businesses in FY 2023.

Performance Measures

Measure Name	FY 2021 Actual	FY 2022 Actual	FY 2023 Actual	FY 2024 Estimated	FY 2025 Projected
Resources (Input)					
Core lending programs	8	10	12	16	14
Workload, Demand and Production (Output)					
Businesses counseled/served	135	165	195	175	225
Applications (intake)	42	32	43	50	55
Applications approved	27	17	29	36	40
Total approved loan amounts (millions)	\$5.1	\$3.6	\$6.1	\$10.8	\$10.0
Efficiency					
Total portfolio revenues	\$0.5	\$0.9	\$0.8	\$1.0	\$1.0
Quality					
Loans closed and funded	27	13	23	31	34

Performance Measures *(continued)*

Measure Name	FY 2021 Actual	FY 2022 Actual	FY 2023 Actual	FY 2024 Estimated	FY 2025 Projected
Current ratio of loan portfolio that is less than 45 days delinquent	93%	99%	99%	85%	85%
Impact (Outcome)					
Funded and Closed Loans (millions)	\$5.1	\$3.2	\$3.7	\$7.0	\$7.0
Jobs created and/or supported	494	111	607	280	404
Percentage of loans funded of those approved (closing ratio)	88%	76%	54%	85%	85%

