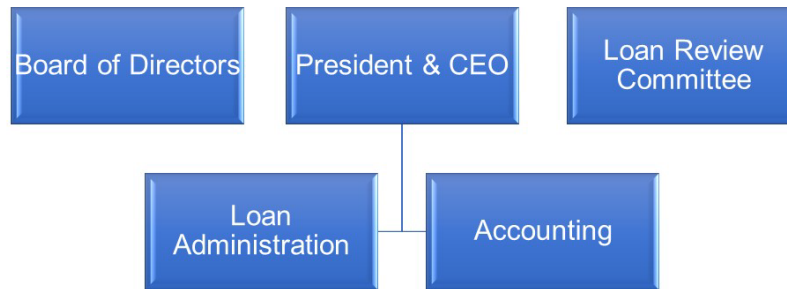


Financial Services Corporation



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 2019 KEY ACCOMPLISHMENTS

- Counseled/provided services to 123 businesses.
- Received \$9.8 million in new loan commitments.
- Closed/funded loans totaling \$6.3 million.
- Created/retained 3,508 jobs.

STRATEGIC FOCUS AND INITIATIVES IN FY 2020

The agency's top priorities in FY 2020 are:

- Increase the number of jobs created and/or supported by increasing outreach efforts that promote the financial solutions offered by FSC First.
- Achieve various funding targets: \$4.3 million in new Small Business Administration (SBA) 504 Real Estate, Small Business Growth Fund (SBA Community Advantage), VLT Flex Fund and Microenterprise loans and \$6.2 million in new Economic Development Incentive (EDI) Fund loans that are available to businesses that retain or add jobs in targeted communities in the County.

FY 2020 BUDGET SUMMARY

The FY 2020 proposed budget for the Financial Services Corporation is \$1,788,800, an increase of \$79,700 or 4.7% over the FY 2019 approved budget. The organization's grant from the County totals \$1,122,500, funding remains unchanged from the FY 2019 County grant.

Reconciliation from Prior Year

	Expenditures
FY 2019 Approved Budget	\$1,709,100
Increase Cost: Operating — Increase in contracts for external marketing consultant, auditing and payroll processing costs	\$44,400
Increase Cost: Operating — Increase operating expenses for property taxes, subscriptions, dues, liquidation and collection expenses to support daily operations	23,000
Increase Cost: Compensation - Mandatory Salary Requirements	9,500
Increase Cost: Fringe Benefits — Increase in fringe benefit costs resulting from mandatory salary requirements	2,800
FY 2020 Proposed Budget	\$1,788,800

FY 2020 OPERATING BUDGET

Revenue by Category

Category	FY 2018 Actual	FY 2019 Budget	FY 2019 Estimate	FY 2020 Proposed	Change FY19-FY20	
					Amount (\$)	Percent (%)
County Grant	\$897,000	\$1,122,500	\$1,122,500	\$1,122,500	\$—	0.0%
Net Loan Program Income	163,482	227,700	258,800	338,900	111,200	48.8%
Management/Service Fees	347,199	334,700	275,100	269,400	(65,300)	-19.5%
Net Fundraising Revenue	37,500	20,000	20,000	50,000	30,000	150.0%
Other Income	12,245	4,200	6,800	8,000	3,800	90.5%
Total	\$1,457,426	\$1,709,100	\$1,683,200	\$1,788,800	\$79,700	4.7%

Expenditures by Category

Category	FY 2018 Actual	FY 2019 Budget	FY 2019 Estimate	FY 2020 Proposed	Change FY19-FY20	
					Amount (\$)	Percent (%)
Compensation	\$797,537	\$963,900	\$929,400	\$973,400	\$9,500	1.0%
Fringe Benefits	220,455	279,500	267,900	282,300	2,800	1.0%
Operating	375,776	465,700	485,900	533,100	67,400	14.5%
Total	\$1,393,768	\$1,709,100	\$1,683,200	\$1,788,800	\$79,700	4.7%

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 2024 Target	FY 2017 Actual	FY 2018 Actual	FY 2019 Estimated	FY 2020 Projected	Trend
\$11.6	\$10.1	\$6.3	\$8.4	\$8.3	↔

Trend and Analysis

FSC experienced a modest increase in revenue from FY 2017 to FY 2018 of 12.2% due to the EDI Fund and the VLT Small Business FLEX Fund. FSC anticipates a 28.5% increase in revenue from FY 2018 to FY 2019 due to an uptick in SBA 504 loan applications and the implementation of C-PACE (a green energy program) and the Green Energy Loan Guaranty Programs. The latter is critical to achieving the projected revenue increase. The success of these programs is also crucial to the increased revenue projections of 9.2% from FY 2019 to FY 2020.

Additionally, the agency is noticing stricter loan underwriting requirements from the U.S. Small Business Administration making SBA 504 loan approvals more protracted. Last year, FSC achieved 97% of goal for loan approvals and 94% of goal for loan closings.

Due to increased underwriting and loan submission requirements mentioned the agency’s loan closing ratio has decreased from 81% in FY 2017 to 71% in FY 2018. It is expected to rebound after the implementation of new SBA 504 loan submission software and associated staff training.

Performance Measures

Measure Name	FY 2016 Actual	FY 2017 Actual	FY 2018 Actual	FY 2019 Estimated	FY 2020 Projected
Resources (Input)					
Load administration staff	3	5	6	6	7
Number of core lending programs	2	2	2	2	2
Workload, Demand and Production (Output)					
Number of businesses counseled/served	112	169	123	129	135
Number of applications (intake) - All	76	88	46	86	70
Number of applications (intake) - EDIF	60	50	—	62	55
Number of applications pre-qualified - All	50	—	—	—	50
Number of applications pre-qualified - EDIF	22	—	—	—	22
Number of applications underwritten - All	27	19	14	21	20
Number of applications underwritten by FSC - EDIF	13	4	—	8	9
Number of applications approved - All	27	21	14	22	21
Number of applications approved - EDIF only	13	5	—	9	9
Approved - All	11.1	10.7	9.8	10.6	10.5
Approved - EDIF only	8.6	3.1	—	6.3	—
Amount of new commitments - All	11.1	10.7	9.8	10.6	10.5
Amount of new commitments - EDIF only	8.6	3.1	—	6.3	—

Performance Measures (continued)

Measure Name	FY 2016 Actual	FY 2017 Actual	FY 2018 Actual	FY 2019 Estimated	FY 2020 Projected
Approved and unfunded Loans - All	8.0	7.5	1.7	7.4	5.7
Approved and unfunded Loans - EDIF only	7.7	2.0	—	5.2	4.2
Total project costs supported - EDIF only	136.1	105.8	—	230.1	—
Efficiency					
Number of approved loans per loan administration staff	7	4	2	4	3
Loans closed and funded - EDIF only	7.0	7.0	—	7.3	—
Total portfolio revenues	0.34	0.39	0.44	0.45	0.49
Quality					
Number of closed and funded loans	18	17	10	18	15
Number of funded loans - EDIF only	7	7	—	8	—
Current ratio of loan portfolio that is less than 45 days delinquent	99%	85%	93%	85%	85%
Impact (Outcome)					
Funded and Closed Loans (in millions)	\$8.4	\$10.1	\$6.3	\$8.4	\$8.3
Number of jobs created and/or supported	2,182	1,932	3,508	1,643	2,541
Number of jobs created and/or supported - EDIF only	2,082	1,884	—	1,578	—
Percentage of loans funded of those approved (closing ratio)	67%	81%	71%	82%	73%