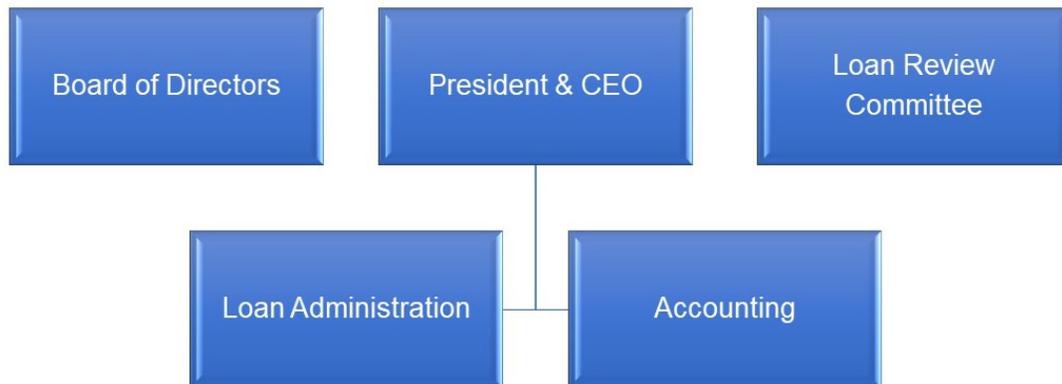


Financial Services Corporation



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 2020 KEY ACCOMPLISHMENTS

- Counseled and/or serviced 278 businesses
- Received \$7.8 million in new loan commitments
- Closed and/or funded \$9.4 million in loans
- Created and/or retained 713 jobs

STRATEGIC FOCUS AND INITIATIVES FOR FY 2021

The agency's top priorities in FY 2021 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 loan funding in new Small Business Administration (SBA) 504 Real Estate, Small Business Growth Fund (SBA Community Advantage), VLT Flex Fund and Microenterprise loans and 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 2021 BUDGET SUMMARY

The FY 2021 proposed budget for the Financial Services Corporation is \$1,895,100, an increase of \$106,300 or 5.9% over the FY 2020 approved budget. The organization's grant from the County totals \$1,215,100, an increase of \$92,600 or 8.2% over the FY 2020 County grant.

Reconciliation from Prior Year

	Expenditures
FY 2020 Approved Budget	\$1,788,800
Increase Cost: Compensation - Mandated Salary Requirements	\$89,100
Add: Compensation - New Positions — Communication Specialist position	50,000
Increase Cost: Fringe Benefits — Increase in fringe benefit costs resulting from mandated salary requirements and a new position; the fringe benefits rate remains at 29.0%	40,300
Decrease Cost: Operating — Decrease in contracts for external marketing consultant, accounting services and indirect costs to align with anticipated costs	(73,100)
FY 2021 Proposed Budget	\$1,895,100

FY 2021 OPERATING BUDGET

Revenues by Category

Category	FY 2019 Actual	FY 2020 Budget	FY 2020 Estimate	FY 2021 Proposed	Change FY20-FY21	
					Amount (\$)	Percent (%)
County Grant	\$1,122,500	\$1,122,500	\$1,122,500	\$1,215,100	\$92,600	8.2%
Net Loan Program Income	271,996	338,900	250,500	218,600	(120,300)	-35.5%
Management/Servicing Fees	344,760	269,400	361,700	360,100	90,700	33.7%
Net Fundraising Revenue	26,000	50,000	37,500	75,000	25,000	50.0%
Other Income	30,171	8,000	8,000	26,300	18,300	228.8%
Total	\$1,795,427	\$1,788,800	\$1,780,200	\$1,895,100	\$106,300	5.9%

Expenditures by Category

Category	FY 2019 Actual	FY 2020 Budget	FY 2020 Estimate	FY 2021 Proposed	Change FY20-FY21	
					Amount (\$)	Percent (%)
Compensation	\$823,055	\$973,400	\$981,000	\$1,112,500	\$139,100	14.3%
Fringe Benefits	219,676	282,300	282,300	322,600	40,300	14.3%
Operating	506,752	533,100	516,900	460,000	(73,100)	-13.7%
Total	\$1,549,483	\$1,788,800	\$1,780,200	\$1,895,100	\$106,300	5.9%

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 2025 Target	FY 2018 Actual	FY 2019 Actual	FY 2020 Estimated	FY 2021 Projected	Trend
\$11.0	\$6.3	\$9.4	\$8.6	\$8.1	↔

Trend and Analysis

The Financial Services Corporation (FSC) continues to see a substantial need in assisting emerging and start-up businesses seeking financing with financial statement preparation and understanding when to introduce debt financing to capitalize their business.

The FSC experienced an increase in revenue from FY 2018 to FY 2019 by 40.9% due to the EDI Fund and the Small Business Administration (SBA) 504 Real Estate program. FSC expects an increase in loans underwritten as a result of SBA's reduced interest rates, refinancing capabilities and longer loan terms. This will make the FSC products more competitive in the market compared to conventional bank loans. The agency has expanded its lender service provider expertise by offering services to outside organizations and municipalities. C-PACE, a green energy program, is gaining traction slowly with one loan processed in FY 2020. FSC plans to revamp the Green Energy Loan Fund as it has had almost no activity since inception October 2018. In FY 2019, FSC achieved 75% of goal for loan approvals and 112% of goal for loan closings.

Performance Measures

Measure Name	FY 2017 Actual	FY 2018 Actual	FY 2019 Actual	FY 2020 Estimated	FY 2021 Projected
Resources (Input)					
Load administration staff	5	6	6	7	7
Core lending programs	2	2	2	2	2
Number of sub-core lending programs	n/a	n/a	5	11	8
Workload, Demand and Production (Output)					
Businesses counseled/serviced	169	123	278	135	214
Applications (intake)	88	46	57	70	70
Applications underwritten	19	14	30	20	26
Applications approved	19	14	19	21	22
Approved	\$10.7	\$9.8	\$7.9	\$9.5	\$9.1
Amount of new commitments	\$3.1	\$9.8	\$7.9	\$9.5	\$9.1
Approved and unfunded Loans	\$2.0	\$1.7	\$3.5	\$4.2	\$3.2
Efficiency					
Approved loans per loan administration staff	4	2	3	3	3
Total portfolio revenues	\$0.3	\$0.4	\$0.6	\$0.6	\$0.4

Performance Measures *(continued)*

Measure Name	FY 2017 Actual	FY 2018 Actual	FY 2019 Actual	FY 2020 Estimated	FY 2021 Projected
Quality					
Loans closed and funded	17	10	11	13	13
Current ratio of loan portfolio that is less than 45 days delinquent	85%	93%	92%	85%	85%
Impact (Outcome)					
Funded and Closed Loans	\$10.1	\$6.3	\$9.4	\$8.6	\$8.1
Jobs created and/or supported	3,500	3,508	713	2,051	2,091
Percentage of loans funded of those approved (closing ratio)	81%	71%	58%	60%	62%

