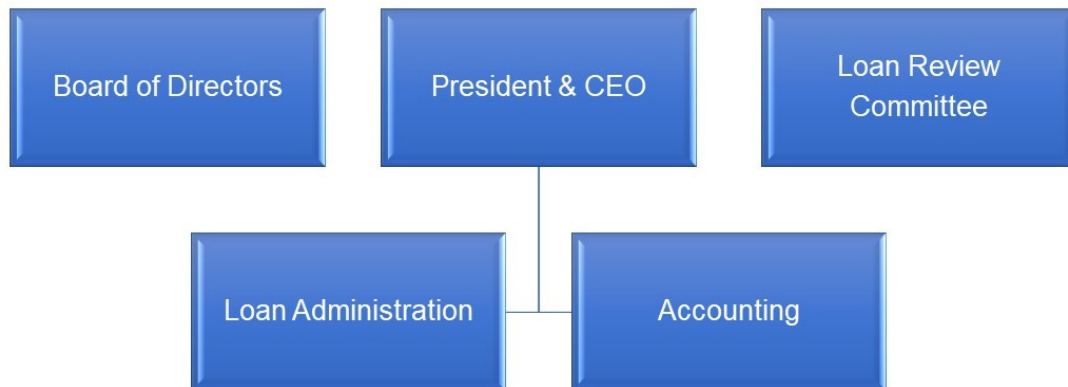


Financial Services Corporation



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 2021 KEY ACCOMPLISHMENTS

- Counseled nearly 200 businesses.
- Funded \$5.8 million in loans.
- Retained or created 474 jobs (from loans).
- Funded \$32 million in grants.
- Assisted 1,400 businesses with grants.

STRATEGIC FOCUS AND INITIATIVES FOR FY 2022

The agency's top priorities in FY 2022 are:

- Achieve various loan funding in new Small Business Administration programming, targeted development financing and deployment of the Economic Development Incentive Fund.

FY 2022 BUDGET SUMMARY

The FY 2022 proposed budget for the Financial Services Corporation is \$1,966,000, an increase of \$82,900 or 4.4% over the FY 2021 approved budget. The organization's grant from the County totals \$1,094,800, a decrease of \$108,300 or 9.0% under the FY 2021 County grant.

Reconciliation from Prior Year

	Expenditures
FY 2021 Approved Budget	\$1,883,100
Increase Cost: Operating — Increase in special program expenses to support costs to enhance the financial acumen of borrowers as well as other internal organizational needs; these expenses will be supported by foundation grants	\$105,000
Increase Cost: Operating — Increase in insurance premium, software license/maintenance fees and marketing supplies/public relations	12,900
Decrease Cost: Fringe Benefits — Decrease in the fringe benefit rate from 29.3% to 29.2% to align with anticipated costs	(8,900)
Decrease Cost: Compensation - Mandated Salary Requirements	(26,100)
FY 2022 Proposed Budget	\$1,966,000

FY 2022 OPERATING BUDGET

Revenues by Category

Category	FY 2020 Actual	FY 2021 Budget	FY 2021 Estimate	FY 2022 Proposed	Change FY21-FY22	
					Amount (\$)	Percent (%)
County Grant	\$1,122,500	\$1,203,100	\$1,203,100	\$1,094,800	\$(108,300)	-9.0%
Net Loan Program Income	223,093	218,600	204,400	182,000	(36,600)	-16.7%
Management/Service Fees	310,011	360,100	107,400	518,500	158,400	44.0%
Net Fundraising Revenue		75,000	470,000	150,700	75,700	100.9%
Other Income	235,449	26,300	44,000	20,000	(6,300)	-24.0%
Total	\$1,891,053	\$1,883,100	\$2,028,900	\$1,966,000	\$82,900	4.4%

Expenditures by Category

Category	FY 2020 Actual	FY 2021 Budget	FY 2021 Estimate	FY 2022 Proposed	Change FY21-FY22	
					Amount (\$)	Percent (%)
Compensation	\$987,189	\$1,100,500	\$1,112,000	\$1,074,400	\$(26,100)	-2.4%
Fringe Benefits	248,666	322,600	312,000	313,700	(8,900)	-2.8%
Operating	588,642	460,000	927,500	577,900	117,900	25.6%
Total	\$1,824,497	\$1,883,100	\$2,351,500	\$1,966,000	\$82,900	4.4%

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 2026 Target	FY 2019 Actual	FY 2020 Actual	FY 2021 Estimated	FY 2022 Projected	Trend
\$15.0	\$11.0	\$3.4	\$5.8	\$6.2	↔

Trend and Analysis

FSC's primary goal is to increase the amount of capital available to businesses. COVID-19 has severely impacted these efforts. FSC experienced a decrease in loan approvals by 56% and loan closings by 64% due to COVID-19 induced business shutdowns, potential borrowers becoming more risk and debt adverse coupled with a significant economical uneasiness of business owners. About 80% of pipeline projects have either canceled their applications or decided to delay seeking capital for business start-up or expansion. Subsequently, FSC experienced a decrease in revenue from FY 2019 to FY 2020 by 13.6%. As a result of unanticipated revenue from C-PACE, a green energy program, and serving as a fund manager for the Mt. Rainier Million Dollar Incentive Fund, FSC achieved 88% of revenue goals.

During the pandemic, FSC has been tasked with responding to the crisis created in the business community by COVID-19 to assist with economic recovery and sustainability. Underwriting and grant processing services are being provided for four COVID-19 grant programs: the Prince George's County Business Recovery Initiative Fund; Child Care Provider Recovery Fund; Restaurant Resiliency Fund; and the Community Foundation Legacy Fund. As such, FSC has processed approximately 1,400 application packages with just over \$29 million in grants disbursed. The direct loan pipeline has not fully recovered; however, FSC staff is diligently working to proactively engage business owners in order to provide capital beyond short term grants so that pivot strategies can be explored and more jobs can be saved. In FY 2022, it is projected that at least 5% of these 1,400 applicants will convert to a direct loan applicant, thus qualifying for additional capital from FSC's diverse economic development financing toolbox.

Performance Measures

Measure Name	FY 2018 Actual	FY 2019 Actual	FY 2020 Actual	FY 2021 Estimated	FY 2022 Projected
Resources (Input)					
Loan administration staff	6	6	7	11	11
Core lending programs	2	2	2	2	2
Number of sub-core lending programs	0	5	11	11	11
Workload, Demand and Production (Output)					
Businesses counseled/ serviced	123	278	105	199	199
Applications (intake)	46	57	32	53	53
Applications underwritten	14	30	19	25	25
Applications approved	14	19	19	20	20
Approved (millions)	\$9.8	\$7.9	\$3.5	\$5.8	\$6.8
Amount of new commitments (millions)	\$9.8	\$7.9	\$3.5	\$5.8	\$6.8
Approved and unfunded loans (millions)	\$1.7	\$3.5	\$1.2	\$1.0	\$2.6

Performance Measures *(continued)*

Measure Name	FY 2018 Actual	FY 2019 Actual	FY 2020 Actual	FY 2021 Estimated	FY 2022 Projected
Efficiency					
Approved loans per loan administration staff	2	3	3	2	2
Total portfolio revenues (millions)	\$0.4	\$0.6	\$0.5	\$0.3	\$0.7
Quality					
Loans closed and funded	10	11	17	17	17
Current ratio of loan portfolio that is less than 45 days delinquent	93%	92%	85%	85%	85%
Impact (Outcome)					
Funded and closed loans (millions)	\$6.3	\$11.0	\$3.4	\$5.8	\$6.2
Jobs created and/or supported	3,508	713	235	474	1,013
Percentage of loans funded of those approved (closing ratio)	71%	58%	89%	85%	61%

