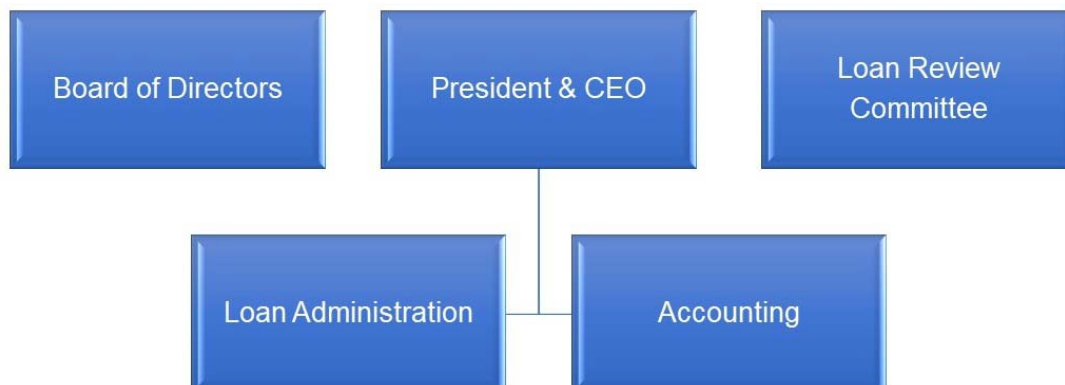


Financial Services Corporation



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 proposed budget for the Financial Services Corporation is \$2,019,900, an increase of \$53,900 or 2.7% over the FY 2022 approved budget. The organization’s grant from the County totals \$1,094,800 and remains unchanged from FY 2022 County grant.

Reconciliation from Prior Year

	Expenditures
FY 2022 Approved Budget	\$1,966,000
Increase Cost: Operating — Increase in insurance premiums, software license maintenance fees, travel, telephone and other miscellaneous office expenses	\$24,900
Increase Cost: Compensation - Mandated Salary Requirements	22,400
Increase Cost: Fringe Benefits — Increase in fringe benefit expenses to align with projected costs	6,600
FY 2023 Proposed Budget	\$2,019,900

FY 2023 OPERATING BUDGET

Revenues by Category

Category	FY 2021 Actual	FY 2022 Budget	FY 2022 Estimate	FY 2023 Proposed	Change FY22-FY23	
					Amount (\$)	Percent (%)
County Grant	\$1,203,100	\$1,094,800	\$1,094,800	\$1,094,800	\$—	0.0%
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/Service 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	\$2,019,900	\$53,900	2.7%

Expenditures by Category

Category	FY 2021 Actual	FY 2022 Budget	FY 2022 Estimate	FY 2023 Proposed	Change FY22-FY23	
					Amount (\$)	Percent (%)
Compensation	\$1,122,728	\$1,074,400	\$1,211,800	\$1,096,800	\$22,400	2.1%
Fringe Benefits	292,896	313,700	353,800	320,300	6,600	2.1%
Operating	1,793,919	577,900	549,700	602,800	24,900	4.3%
Total	\$3,209,543	\$1,966,000	\$2,115,300	\$2,019,900	\$53,900	2.7%

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 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%

