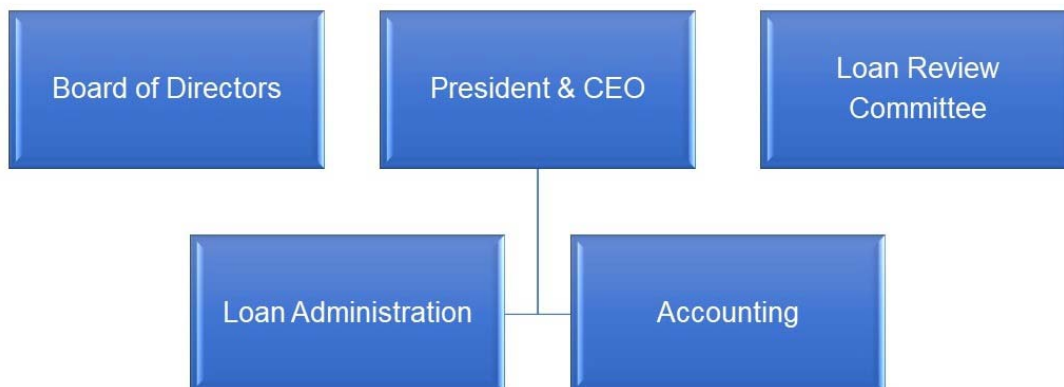


Financial Services Corporation



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 2023 KEY ACCOMPLISHMENTS

- Counseled 173 businesses.
- Funded \$10.2 million in loans.
- Created and retained 481 jobs through loan programs.
- Funded \$600,000 in grants.
- Assisted 100 businesses with grants.

STRATEGIC FOCUS AND INITIATIVES FOR FY 2024

The agency’s top priorities in FY 2024 are:

- Lend \$10.8 million in new loans to local businesses through various federal, State and local programs.

FY 2024 BUDGET SUMMARY

The FY 2024 proposed budget for the Financial Services Corporation is \$3,408,100, an increase of \$1,345,700 or 65.2% over the FY 2023 approved budget. The organization’s grant from the County totals \$1,177,100, an increase of \$39,800 or 3.5% over the FY 2023 County grant.

Reconciliation from Prior Year

	Expenditures
FY 2023 Approved Budget	\$2,062,400
Add: Operating — Increase in marketing supplies and program costs to support the FSC First Level Up Program funded by the American Rescue Plan Act (ARPA) grant program	\$557,500
Add: Compensation — Increase in compensation for four ARPA positions to support program operations	520,000
Increase Cost: Operating — Increase in insurance premiums, software license maintenance fees, travel, telephone and other miscellaneous office expenses	127,900
Increase Cost: Fringe Benefits — Increase in fringe benefit expenses to align with projected costs	101,800
Increase Cost: Compensation - Mandated Salary Requirements — Annualization of FY 2023 and planned FY 2024 salary adjustments	42,700
Increase Cost: Technology Cost Allocation — Increase in OIT charges based on anticipated countywide costs for technology	11,000
Decrease Cost: Operating — Decrease in operating cost for office supplies, expenses, liquidation and collection expenses	(15,200)
FY 2024 Proposed Budget	\$3,408,100

FY 2024 OPERATING BUDGET

Revenues by Category

Category	FY 2022 Actual	FY 2023 Budget	FY 2023 Estimate	FY 2024 Proposed	Change FY23-FY24	
					Amount (\$)	Percent (%)
County Grant	\$1,094,800	\$1,137,300	\$1,137,300	\$1,177,100	\$39,800	3.5%
Net Loan Program Income	213,860	275,000	280,000	343,100	68,100	24.8%
Management/Servicing Fees	708,658	600,000	600,000	662,800	62,800	10.5%
Net Fundraising Revenue	464,975	32,600	65,000	50,000	17,400	53.4%
American Rescue Plan Act Grant	—	—	1,343,700	1,156,300	1,156,300	
Other Income	35,834	17,500	18,000	18,800	1,300	7.4%
Total	\$2,518,127	\$2,062,400	\$3,444,000	\$3,408,100	\$1,345,700	65.2%

Expenditures by Category

Category	FY 2022 Actual	FY 2023 Budget	FY 2023 Estimate	FY 2024 Proposed	Change FY23-FY24	
					Amount (\$)	Percent (%)
Compensation	\$1,254,689	\$1,129,700	\$1,694,300	\$1,692,400	\$562,700	49.8%
Fringe Benefits	307,821	329,900	412,500	431,700	101,800	30.9%
Operating	749,923	602,800	1,337,200	1,284,000	681,200	113.0%
Total	\$2,312,433	\$2,062,400	\$3,444,000	\$3,408,100	\$1,345,700	65.2%

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 2028 Target	FY 2021 Actual	FY 2022 Actual	FY 2023 Estimated	FY 2024 Projected	Trend
\$15.0	\$5.1	\$3.2	\$7.0	\$7.0	↔

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 we continue to serve the business owners and new entrepreneurs in the County seeking sources of capital. In Fiscal Year 2023, and continuing into FY 2024, FSC First is utilizing trends and analysis to provide performance measure projections. While FSC saw a 29% decrease in approved loans from FY 2020 to FY 2021, this was an anomaly. Loan approvals were up in FY 2021 due to a special COVID-19 related loan program sponsored by the MD Department of Commerce whereby an additional \$1,250,000 was deployed right before the end of the fiscal year through a grant/loan matching program. This program compelled businesses to invest in their businesses along with grant dollars as a catalyst to recovery. Without this outlier, the year over year average loan approvals were consistent averaging \$3.5 million.

In FY 2023, FSC has seen a significant increase in loan approvals in the first and second quarters and is projecting an 180% increase in loan approvals. Additionally, the average loan size has increased by 23.5% signaling confidence in starting and expanding businesses. Similarly in FY 2022, the pipeline has seen a 500% increase in SBA 504 real estate acquisition loans over FY 2021. In addition to the existing 12 programs, FSC plans to launch 4 - 6 new programs by the end of FY 2023 which will continue to create new paths to affordable business debt. FSC has seen a 70% increase in revenue attributed to the EDI Fund allowing us to cover trailing expenses from 10 years of servicing the program. 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.

Performance Measures

Measure Name	FY 2020 Actual	FY 2021 Actual	FY 2022 Actual	FY 2023 Estimated	FY 2024 Projected
Resources (Input)					
Loan administration staff	11	6	8	10	16
Core lending programs	13	8	10	12	16
Workload, Demand and Production (Output)					
Businesses counseled/serviced	105	135	165	173	175
Applications (intake)	32	42	32	44	50
Applications underwritten	19	27	17	35	36
Applications approved	19	27	17	35	36
Approved and unfunded loans (millions)	\$1.2	\$0.6	\$0.3	\$1.7	\$1.6
Total approved loan amounts (millions)	\$3.5	\$5.1	\$3.6	\$10.2	\$10.8

Performance Measures *(continued)*

Measure Name	FY 2020 Actual	FY 2021 Actual	FY 2022 Actual	FY 2023 Estimated	FY 2024 Projected
Efficiency					
Approved loans per loan administration staff	3	4	3	6	6
Total portfolio revenues (millions)	\$0.5	\$0.5	\$0.9	\$0.9	\$1.0
Quality					
Loans closed and funded	17	27	13	30	31
Current ratio of loan portfolio that is less than 45 days delinquent	85%	93%	99%	85%	85%
Impact (Outcome)					
Funded and closed loans (millions)	\$3.4	\$5.1	\$3.2	\$7.0	\$7.0
Jobs created and/or supported	235	494	111	481	280
Percentage of loans funded of those approved (closing ratio)	89%	88%	76%	61%	85%

