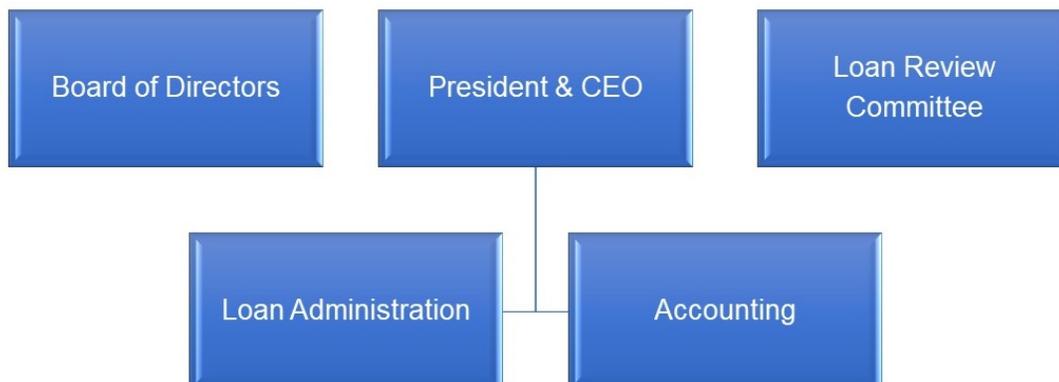


# Financial Services Corporation



## 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 2026 KEY ACCOMPLISHMENTS

- Counseled 300 businesses.
- Funded \$8.5 million in loans.
- Retained/created 650 jobs (from loans).
- Awarded \$500,000 in grants.
- Assisted 40 businesses with grants.

### STRATEGIC FOCUS AND INITIATIVES FOR FY 2027

The agency's top priorities in FY 2027 are:

- Lend \$11 million in new loans to local businesses through various federal, State and local programs.
- Achieve funding targets for \$11 million in new Small Business Administration (SBA) 504 Commercial Real Estate Program, Small Business Thrive Fund (SBA Community Advantage), Economic Development Incentive (EDI) Fund, Video Lottery Terminal Flexibility (VLT FLEX) Fund, Strive for 35 Fund, Commercial Property Assessed Clean Energy

(C-PACE), University of Maryland Medical Systems (UMMS) Healthcare Capital Fund, Small Business Capital and Growth Stimulus Fund (SBCGSF), Capital Area Business Expansion Fund, and State Small Business Credit Initiative (SSBCI).

### FY 2027 BUDGET SUMMARY

The FY 2027 proposed budget for the Financial Services Corporation is \$2,523,400, an increase of \$120,000 or 5.0% over the FY 2026 approved budget. The organization’s grant from the County totals \$1,062,300, a decrease of -\$55,900 or -5.0% under the FY 2026 County grant.

#### Reconciliation from Prior Year

	<b>Expenditures</b>
<b>FY 2026 Approved Budget</b>	<b>\$2,403,400</b>
<b>Increase Cost: Compensation - Mandated Salary Requirements</b>	\$67,700
<b>Increase Cost: Operating</b> — Increase in operating costs for interest expenses, office, board members and marketing supplies, insurance premiums, portfolio services, and staff development expenses to align with projected costs	54,000
<b>Increase Cost: Fringe Benefits</b> — Increase in fringe benefit expenses to align with projected costs	22,800
<b>Increase Cost: Technology Cost Allocation</b> — Increase in OIT charges based on anticipated countywide costs for technology	7,000
<b>Decrease Cost: Operating</b> — Decrease in operating costs for auditing services, legal fees, equipment lease, and loan loss reserves to align with projected costs	(31,500)
<b>FY 2027 Proposed Budget</b>	<b>\$2,523,400</b>

## FY 2027 OPERATING BUDGET

### Revenues by Category

Category	FY 2025 Actual	FY 2026 Budget	FY 2026 Estimate	FY 2027 Proposed	Change FY26-FY27	
					Amount (\$)	Percent (%)
County Grant	\$1,177,100	\$1,118,200	\$1,118,200	\$1,062,300	\$(55,900)	-5.0%
American Rescue Plan Act Grant	782,800	—	—	—	—	0.0%
Management/Servicing Fees	1,208,778	839,400	997,200	1,001,900	162,500	19.4%
Net Fundraising Revenue	306,828	150,000	100,000	150,000	—	0.0%
Net Loan Program Income	229,603	196,400	155,200	152,700	(43,700)	-22.3%
Other Income	180,961	99,400	205,000	156,500	57,100	57.4%
<b>Total</b>	<b>\$3,886,070</b>	<b>\$2,403,400</b>	<b>\$2,575,600</b>	<b>\$2,523,400</b>	<b>\$120,000</b>	<b>5.0%</b>

### Expenditures by Category

Category	FY 2025 Actual	FY 2026 Budget	FY 2026 Estimate	FY 2027 Proposed	Change FY26-FY27	
					Amount (\$)	Percent (%)
Compensation	\$1,906,165	\$1,322,900	\$1,350,100	\$1,390,600	\$67,700	5.1%
Fringe Benefits	453,494	444,500	424,200	467,300	22,800	5.1%
Operating	1,486,172	636,000	801,300	665,500	29,500	4.6%
<b>Total</b>	<b>\$3,845,831</b>	<b>\$2,403,400</b>	<b>\$2,575,600</b>	<b>\$2,523,400</b>	<b>\$120,000</b>	<b>5.0%</b>

## 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.

FY 2031 Target	FY 2024 Actual	FY 2025 Actual	FY 2026 Estimated	FY 2027 Projected	Trend
\$11.0	\$7.5	\$7.3	\$8.5	\$8.5	↓

### 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 to serve the business owners and new entrepreneurs in the County seeking sources of capital. In FY 2025 and continuing into FY 2026, the organization is using trends and empirical data analysis to project performance measures. Additionally, FSC First provides Level Up Technical Assistance Programs, a collaborative initiative in Maryland supporting small businesses with access to capital, training, coaching, mentoring, and networking opportunities. This program aims to equip entrepreneurs with practical tools for business success, fostering skill improvement and business growth. Excluding an outlier, the year-over-year average loan approvals remained consistent at \$8.5 million. In the current fiscal year (FY 2026), FSC First has observed a decrease in loan approvals during the first quarter but projects a 20% increase in total loan approvals for the year, indicating confidence in both new and expanding businesses. The decline in loan approvals is largely due to current economic conditions and overall market instability. For small businesses, the government shutdown resulted in lost customers, delayed funding, canceled contracts, and growing uncertainty. These disruptions have made it more difficult for business owners to manage daily operations, meet payroll obligations, and plan for long-term growth. The shutdown also created a climate of financial hesitation, causing many small business owners to delay borrowing, investing, or expanding until stability is restored.

In FY 2025, the loan pipeline recorded a 79.5% increase in loan approvals but a 2.0% decrease in loan closings compared to FY 2024. Loan closings declined because some clients withdrew their loans after approval. In addition to the existing 14 programs, FSC First launched two new programs in FY 2025 aimed at generating additional revenue and expanding service capacity. However, despite these new initiatives, the organization experienced an 11.2% decrease in overall revenue in FY 2025, reflecting the ongoing challenges posed by the unstable economy.

FSC First serves as the fund manager for Prince George's County Small Business Capital and Growth Stimulus Program, which has funded \$1,502,500 to 85 businesses. FSC also served 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, which awarded \$1,776,500 to 255 businesses. The Level Up Program served 128 businesses with technical assistance in the 1st quarter of FY 2026 and supported a total of 1,604 businesses in FY 2025.

### Performance Measures

Measure Name	FY 2023 Actual	FY 2024 Actual	FY 2025 Actual	FY 2026 Estimated	FY 2027 Projected
<b>Resources (Input)</b>					
Core lending programs	12	12	14	16	16
<b>Workload, Demand and Production (Output)</b>					
Applications (intake)	43	64	49	60	70

**Performance Measures** *(continued)*

<b>Measure Name</b>	<b>FY 2023 Actual</b>	<b>FY 2024 Actual</b>	<b>FY 2025 Actual</b>	<b>FY 2026 Estimated</b>	<b>FY 2027 Projected</b>
Applications approved	29	25	36	45	50
Total approved loan amounts (millions)	\$6.1	\$6.9	\$12.5	\$11.0	\$13.0
<b>Efficiency</b>					
Total portfolio revenues (millions)	\$0.8	\$1.6	\$1.4	\$1.0	\$1.2
<b>Quality</b>					
Loans closed and funded	23	24	28	38	43
Current ratio of loan portfolio that is less than 45 days delinquent	99%	97%	78%	85%	85%
<b>Impact (Outcome)</b>					
Funded and closed Loans (millions)	\$3.8	\$7.5	\$7.3	\$8.5	\$8.5
Jobs created and/or supported	607	840	493	519	497
Percentage of approved loans funded (closing ratio)	54%	96%	78%	85%	85%

