

FINANCIAL SERVICES CORPORATION

MISSION AND SERVICES

Mission - 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 -

- Provide financing solutions to businesses located in or interested in moving to Prince George's County

Strategic Focus in FY 2018 -

The corporation's top priorities in FY 2018 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 funding targets:
 - \$3.1 million in new Small Business Administration (SBA) 504 Real Estate, Small Business Growth Fund (SBA Community Advantage), VLT Flex Fund and Microenterprise loans
 - \$7 million in new Economic Development Incentive (EDI) Fund loans that are available to businesses that retain or add jobs in the County

FY 2018 BUDGET SUMMARY

The FY 2018 approved budget for the Financial Services Corporation is \$1,442,700, an increase of \$105,500 or 7.9% over the FY 2017 approved budget. The organization's grant from the County totals \$897,000, an increase of \$37,000 or 4.3% over the FY 2017 County grant.

Budgetary Changes -

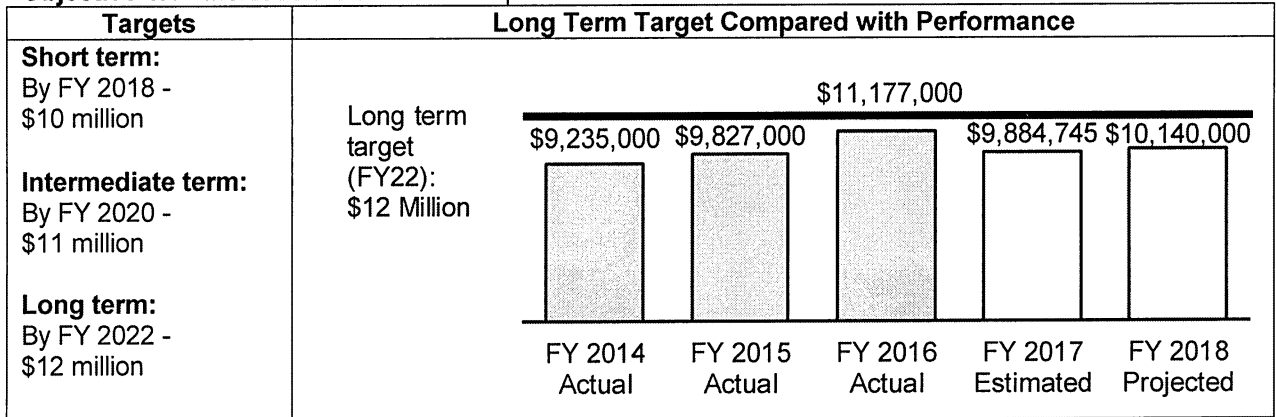
FY 2017 APPROVED BUDGET	\$1,337,200
Increase Costs: Operating - Increase in contracts for auditing, accounting and consulting for required systems and programs	\$68,200
Increase Costs: Compensation - Mandated Salary Requirements	\$20,500
Increase Costs: Operating - Increase in office supplies, portfolio services, board and committee meeting expenses to support daily operations	\$10,700
Increase Costs: Fringe Benefits - Increase in fringe benefit costs resulting from mandated salary requirements	\$6,100
FY 2018 APPROVED BUDGET	\$1,442,700

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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.



Trend and Analysis -

The outlook to increase the number of businesses counseled and increase the loan closing ratio remains a priority for FSC First as business owners and new entrepreneurs in the County seek capital from core and sub-core lending products. FSC First continues to see a substantial need in assisting emerging and start-up businesses with financial statement preparation.

In FY 2017 and continuing into FY 2018, FSC First is utilizing trends and analysis of empirical data to provide performance measures projections. Over the past 5-year comparison (FY 2012 – FY 2016), FSC First revenue has been level despite increasing loan approvals by an average of 22% year over year. This can be attributed to large loan commitments for conditional EDI Fund loans. FSC First is projecting that revenue will increase by 32% and 17% respectively, in FY 2017 and FY 2018 due to the addition of two new loan programs – Small Business Video Lottery Terminal Flex Fund and the Green Fund Program.

FSC First's loan closing ratio increased from 33% in FY 2015 to 67% in FY 2016. It is anticipated that this trend will continue in the current fiscal year and into FY 2018.

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Performance Measures -

Measure Name	FY 2014 Actual	FY 2015 Actual	FY 2016 Actual	FY 2017 Estimated	FY 2018 Projected
Loan administration staff	4	4	3	4	6
Number of core lending programs	5	5	2	2	2
Number of sub-core lending programs	6	6	4	6	5
Workload, Demand and Production (output)					
Number of businesses counseled/serviced	94	107	112	106	106
Number of applications (intake) - All	117	94	76	91	91
Number of applications (intake) - EDIF	71	75	60	60	68
Number of applications pre-qualified - All	37	50	50	50	50
Number of applications pre-qualified - EDIF	16	20	22	22	22
Number of applications underwritten - All	29	17	27	28	28
Number of applications underwritten by FSC - EDIF	8	8	13	11	11
Number of applications approved - All	30	18	27	25	25
Number of applications approved - EDIF only	8	8	13	10	10
Approved - All	\$9,235,000	\$9,827,000	\$11,177,000	\$9,884,745	\$10,140,000
Approved - EDIF only	\$7,420,000	\$7,095,000	\$8,641,000	\$7,255,250	\$7,000,000
Amount of new commitments - All	\$9,235,000	\$9,827,000	\$11,177,000	\$9,884,745	\$10,140,000
Amount of new commitments - EDIF only	\$7,420,000	\$7,095,000	\$8,641,000	\$7,255,250	\$7,000,000
Approved and unfunded Loans - All	\$13,592,500	\$6,610,000	\$8,038,000	\$8,311,800	\$8,311,800
Approved and unfunded Loans - EDIF only	\$7,425,000	\$5,900,000	\$7,656,000	\$6,186,500	\$5,395,500
Total project costs supported - EDIF only	\$18,984,350	\$448,370,232	\$136,120,713	\$155,202,123	\$129,335,102
Efficiency					
Number of approved loans per loan administration staff	6	5	7	6	4
Loans closed and funded	\$4,400,000	\$12,824,500	\$8,387,000	\$6,808,355	\$6,706,188
Total portfolio revenues	\$345,270	\$365,901	\$337,239	\$444,200	\$521,128
Quality					
Number of funded loans	9	19	18	13	13
Number of funded loans - EDIF only	4	9	7	7	6
Current ratio of loan portfolio that is less than 45 days delinquent	85%	99%	99%	85%	85%
Impact (outcome)					
Number of jobs created and/or supported	687	816	2,182	800	906
Number of jobs created and/or supported - EDIF only	619	767	2,082	675	956
Percentage of loans funded of those approved (closing ratio)	41%	33%	67%	70%	70%

FY 2014 and FY 2015 Actuals have been restated.

Strategies to Accomplish the Objective -

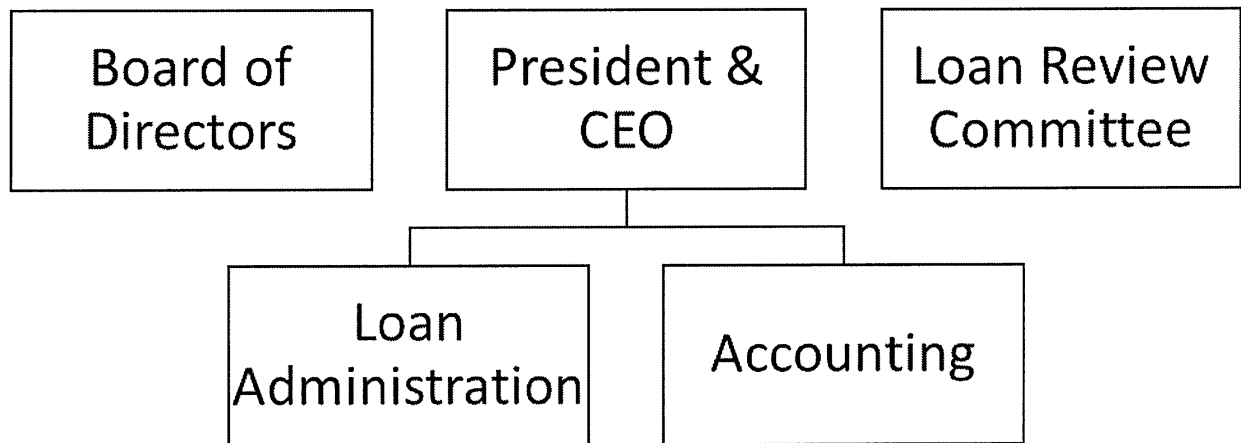
- **Strategy 1.1.1** - Increase business development and marketing efforts focusing on programs which result in increased revenue
- **Strategy 1.1.2** - Collaborate with the members of the Business Resource Coalition (Economic Development Corporation, Office of Central Services' Supplier Development and Diversity Division, MBE Compliance Manager for Prince George's County, Maryland's Women Business Center, Bowie Business Innovation Center, Meridian Management Group), the Entrepreneurial Development Center at Prince George's Community College, local chambers of commerce and other business organizations to increase awareness of FSC First's programs and services
- **Strategy 1.1.3** - Continue to address financial literacy challenges of loan applicants by providing technical assistance
- **Strategy 1.1.4** - Maintain a diverse and quality loan portfolio by proactively monitoring clients files for compliance via automated loan management system and conducting quarterly site-visits

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FY 2017 KEY ACCOMPLISHMENTS

- 106 businesses counseled/serviced.
- 25 loan applications approved.
- \$9.8MM in new loan commitments.
- \$6.8MM loans closed/funded.
- 800 jobs created/retained.

ORGANIZATION CHART



**FINANCIAL SERVICES
CORPORATION**

FY 2018 OPERATING BUDGET

REVENUES					
	FY 2016 ACTUAL	FY 2017 BUDGET	FY 2017 ESTIMATED	FY 2018 APPROVED	CHANGE FY17 - FY18
County Grant	\$ 739,800	\$ 860,000	\$ 860,000	\$ 897,000	4.3%
Net Loan Program Income	174,828	264,000	264,000	264,000	0.0%
EDI Fund Loan Processing Fees	110,171	90,000	106,600	106,600	18.4%
Gross Grant Revenue	10,859	20,000	180,000	70,000	250.0%
Management/Servicing Fees	52,240	90,200	30,200	100,900	11.9%
Other Income	6,266	13,000	4,100	4,200	-67.7%
TOTAL	\$ 1,094,164	\$ 1,337,200	\$ 1,444,900	\$ 1,442,700	7.9%
EXPENDITURES					
	FY 2016 ACTUAL	FY 2017 BUDGET	FY 2017 ESTIMATED	FY 2018 APPROVED	CHANGE FY17 - FY18
Compensation	\$ 558,445	\$ 809,500	\$ 737,900	\$ 830,000	2.5%
Fringe Benefits	183,995	242,900	221,400	249,000	2.5%
Operating	328,873	284,800	485,600	363,700	27.7%
TOTAL	\$ 1,071,313	\$ 1,337,200	\$ 1,444,900	\$ 1,442,700	7.9%