

The Support Center Annual Report

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Receiving Entities:

The House of Representatives Appropriation Subcommittee on Natural and Economic Resources
The Senate Appropriations Subcommittee on Natural and Economic Resources
The Joint Legislative Commission
The Fiscal Research Division

Submitting Entity:

The Support Center

Introduction to the Annual Report

The Support Center respectfully submits this annual report for the period covering July 1, 2012 through June 30, 2013. This report includes a full description of all organizational programs and activities, capacity grants, and accomplishments for the past year along with goals and objectives for the upcoming year. All organizational and programmatic activities have been carried out in accordance with the organization's vision and mission.

About The Support Center

Founded in 1990, The Support Center is a certified Community Development Financial Institution (CDFI) and nonprofit organization that provides small business loans, financial training to start ups and existing businesses, and lending services to community-based organizations. Our core activities include the following:

- Small Business Lending
- Policy & Research
- Small Business Training & Financial Education

General Administration

The Support Center's board and staff have developed and maintained the highest standards of fiscal integrity and accountability for the organization. These procedures include the accurate recording and maintenance of all accounting records and the preparation and timely submission of required reports to various state and federal entities and private foundations.

During the 2012-2013 legislative sessions, the NC General Assembly appropriated **\$2,543,021** to The Support Center. The funds were appropriated and utilized for operational and program support and capacity grants. An independent CPA firm conducts the organization's annual audit. The auditing firm has begun its review for the report for the fiscal year ending June 30, 2013. The complete audit is expected in late October and will be submitted to all "Receiving Entities" listed in this report.

The Support Center has successfully leveraged our state funds to generate additional funding from foundations and financial institutions to help support our small business lending and marketing activities. Please see our financial statements for more details.

Capacity Grant Program

During our last fiscal year ending June 30, 2013, The Support Center awarded three capacity grants to our affiliate credit unions totaling **\$1,410,252**. The credit unions were able to use the funding for a variety of self-sustaining programs. Most importantly, the grants allowed the credit unions to maintain equity to continue to make loans and provide other financial services to their members.

After careful review of our business strategy, The Support Center has decided to no longer provide Capacity Grants. Instead, the staff will continue to provide advocacy and other technical assistance to help community development credit unions achieve self-sufficiency.



The
SUPPORT
CENTER

Serving | Strengthening | Sustaining Our Communities



ANNUAL REPORT 2013

Creating economic opportunity for all people.

Serving underserved communities
Strengthening local economies
Sustaining small businesses

Why do we do this?



TSC First Annual Small Business Week Awards Luncheon. NC Secretary of Commerce, Sharon A. Decker

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Why do we do this?

A message from the President and CEO

Recently, I was asked a question: “Why does The Support Center (TSC) do what it does?” The question stemmed from TSC’s decision to launch a direct small business lending program three years ago that would assist companies that struggle to get loans in the traditional financial market. My answer is simple: We understand that charity begins at home. In other words, if we want to help build strong communities with thriving economies then we are obligated to do so in a way that allows us to sustain our mission.

Against this backdrop, in 2010, The Support Center rebranded itself with two objectives. One was to clearly define how we would continue to fulfill our mission to help foster economic development in underserved communities. The second was to determine how to sustain ourselves as we move forward.

First, we develop some strong strategic partnerships with groups and federal agencies that were also dedicated to serving small companies starting with the U.S. Department of Agriculture Intermediary Relending Program, which provided TSC with its first loan fund. Since then, TSC has undergone rigorous financial and portfolio management reviews to be approved to participate in three federal guarantee lending programs – Small Business Administration Community Advantage 7(a) Guarantee program, U.S. Department of Transportation Short Term Lending program and the USDA Farm Service Agency Guarantee Lending program.

Through these partnerships and others that will be discussed in this report, TSC was able to develop specialized lending products that address some unique lending needs in the community. For example, this year, TSC introduced its Veteran Direct Loan Program with “no equity” required loans to veterans and their spouses that meet certain criteria.



Overall, TSC has invested more than \$6 million in 75 companies across North Carolina. We have helped companies move from home-based businesses to full brick-and-mortar shops to hiring new employees. The bottom line is not only does TSC want to achieve sustainability, but we want every eligible business to do the same. If we can help small companies become successful, then we - the community - grow and thrive. And that’s why we do what we do.

Be Steadfast!

Lenwood V. Long, Sr.
President/CEO

Building Our Economy

This year, The Support Center hosted its first Annual Small Business Week Awards Luncheon featuring Commerce Secretary, Sharon A. Decker as our keynote speaker. There were also awards presentations by U.S. Small Business Administration (SBA) North Carolina District Office. During the luncheon, we honored several small businesses across the state that demonstrated excellence among their peers. In addition to the awardees, the event will brought together nearly 200 leaders of small business groups and organizations across the state.



Above & Beyond Students – Carmen Blackmon:

Carmen Blackman is the owner of Above & Beyond Students, Inc. A very successful tutoring service and afterschool program in Charlotte, North Carolina. Over 10 years ago, she utilized space in a church to tutor children. It was then that she received the idea to extend her services into the public school system to reach out to lower income students. The Support Center gave Carmen a loan to get a building to continue her tutoring center. Carmen secured a second loan from The Support

Center for operating costs. Starting from a basement in a church, to now operating her tutoring center out of her own building, she has been able to create (4) full-time job and (15) part-time jobs.

Larry Martin Farms - Larry Martin:

Larry Martin is a farmer located in Mount Olive, North Carolina. He was able to buy 60 acres of land adjoined to his current property. No bank wanted to give him a chance. Thus far, he has secured two loans from The Support Center. Most recently, he secured a loan for operations. He used the loan in order to yield more crops. Prior to securing the loan, Larry was leasing the land he was harvesting. It was through the loan at The Support Center that enabled him to own the land. The loans have saved two jobs and created two.

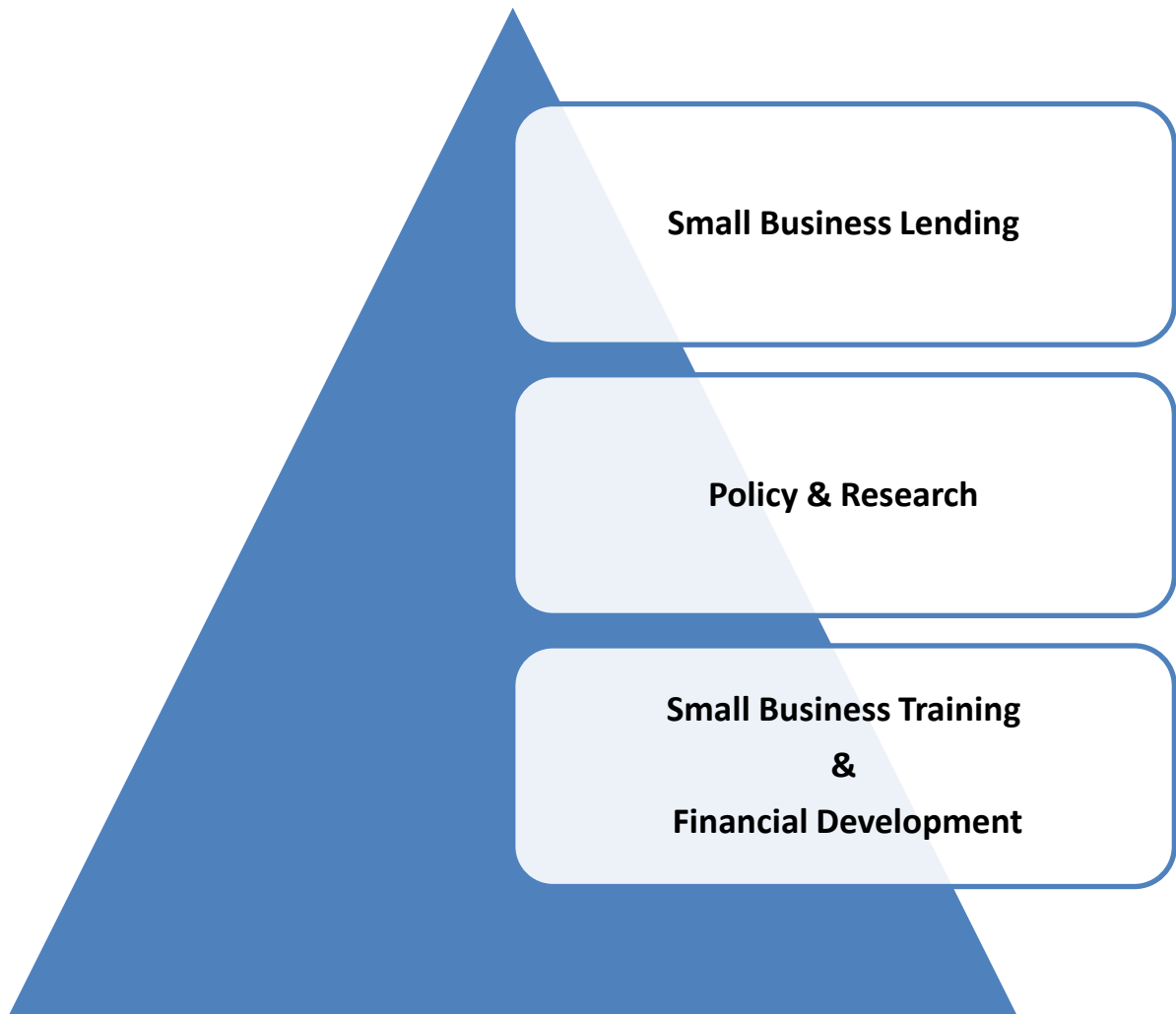


CF Steel – Tim Liescheidt:

A Steel Manufacturing company located in Oakboro, North Carolina, CF Steel is owned by Mr. Tim Liescheidt. Tim went to a local bank and was turned down from receiving a line of credit. Using a line of credit given by The Support Center, he was able to leverage it to secure \$3 million into his business pipeline. With the help of The Support Center, (10) jobs have been created and (3) jobs have been saved.

The Support Center is a statewide nonprofit and Community Development Financial Institution (CDFI) that provides small business loans, financial training to start-ups and existing businesses, and lending services to community-based organizations. Our **mission** is to provide equitable financial services and resources that foster economic development in underserved communities. Our **vision** is to create economic opportunity for all people.

The Support Center achieves its mission by Serving, Strengthening and Sustaining. We currently operate three main programs:



Direct Small Business Lending

As job creators and generators of local economic development, small businesses are the economic engines of communities across the state. However, many entrepreneurs face barriers in accessing affordable capital, particularly in recent years. Our Small Business Revolving Loan program helps to bridge this gap. Since 2010 we have funded 75 small businesses, totaling \$6 million, which have supported over 600 jobs. Our loan program is unique among nonprofit lenders in the state because we:

- Serve both existing and start-up businesses.
- Have the flexibility to fund smaller (\$5,000) or larger (up to \$250,000) loans
- Provide gap financing.
- Underwrite and service our loans in-house.
- Require a 10% equity injection, where most lenders require 20-30%.
- Are the only CDFI in the nation that is an approved Department of Transportation (DOT) lender, providing loans for transportation-related contracts funded by DOT.
- Are the only CDFI in the southeast that is an approved Farm Service Agency lender, providing loans for small farmers to innovate, diversify, and grow their operations.
- Offer a loan product designed specifically for Veteran Owned and Service Disabled Veteran Owned businesses.

We also strategically target underserved areas and populations to ensure that our investments benefit those that are most in need of economic development. We provide a diverse range of loan products to meet the needs of different types of borrowers, including farmers, veterans, contractors, and women- and minority-owned businesses. As our portfolio reflects, we support a diverse set of industries and entrepreneurs:

Business Training and Financial Development

The Support Center continued our successful Small Business Lunch & Learn and Dinner & Learn series and other training in partnership with local Small Business Centers and community-based organizations across North Carolina. The goal is to educate business owners—particularly those in rural and underserved areas — about developing business plans, cash flow management, preparing loan applications and capital access opportunities for small businesses. The lunch and dinner sessions were produced through financial grants provided by our banking partners Bank of America, Wells Fargo and PNC Bank.

The Support Center's Vice President and Small Business Lending Managers have formed successful strategic alliances with several community partners and federal agencies and have become regular participants on panels and conferences that provide financial education to individuals and entrepreneurs. During the past fiscal year, the small business lending staff has participated dozens of educational events held by our partners. The number of attendees for these events ranged from 20 to 300.

Small Business Lending Programs

USDA Intermediary Relending Program:

- Covers state of North Carolina
- For new and existing small businesses
- Aims to create jobs in underserved communities
- Maximum loan amount of \$150,000

SBA Intermediary Lending Pilot Program:

- Covers mid-western NC counties
- For new and existing small businesses
- Aims to spur economic development in underserved and distressed areas
- Maximum loan amount of \$200,000

US Department of Transportation (DOT) Short Term Lending Program:

- For transportation-related contracts funded by DOT
- For Small Disadvantaged Businesses, Service Disabled Veteran Owned Businesses, or businesses with DOT Disadvantaged Business Enterprise Certification
- One-year line of credit for up to \$250,000, renewable for up to 5 years

Veterans Direct Loan Program

- For new and existing Veteran Owned and Service Disabled Veteran Owned Businesses
- Short and long term loans, no equity requirement
- Aims to help veterans start or expand their small business
- Maximum loan amount up to \$100,000

SBA Community Advantage 7(a) Guaranteed Lending Program:

- Covers the State of North Carolina
- For new and existing small businesses
- Aims to expand access to capital in underserved communities
- Offers loan guarantee up to 85%
- Maximum loan amount of \$250,000

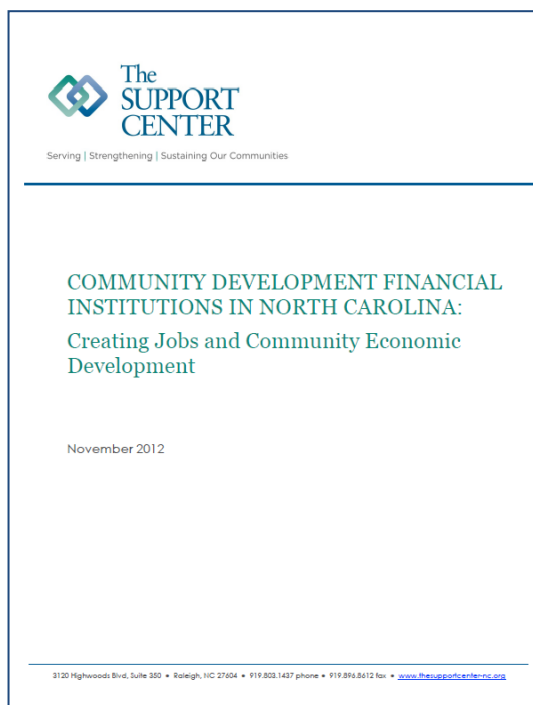
Farm Service Agency Farming/Agricultural Lending Program:

- For farmers, particularly small operations
- Designed with flexible payment schedules to meet farmers' seasonal workload
- Aims to help farmers innovate, diversify, and grow their farm businesses
- Maximum loan amount of \$200,000

Policy & Research

Our Policy & Research program provides timely research and analysis on the broader economic impact that our small business lending programs and community development work to put forth thoughtful policy recommendations to strengthen our state's economy. Through collaborative efforts with universities, research partners, and advocates, The Support Center publishes research reports and studies that illustrate the impact of community-based financial service providers in under-represented communities, and to present cross-cutting solutions for North Carolina's most pressing economic challenges.

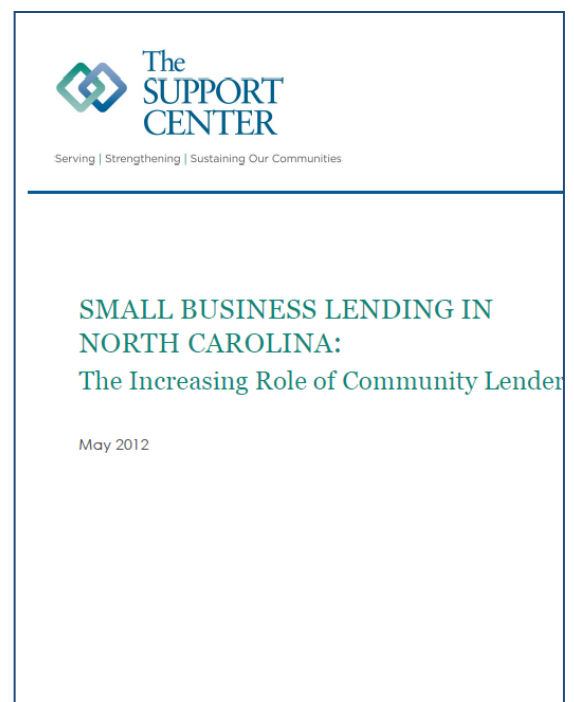
Research Reports



COMMUNITY DEVELOPMENT FINANCIAL INSTITUTIONS IN NORTH CAROLINA (November 2012)

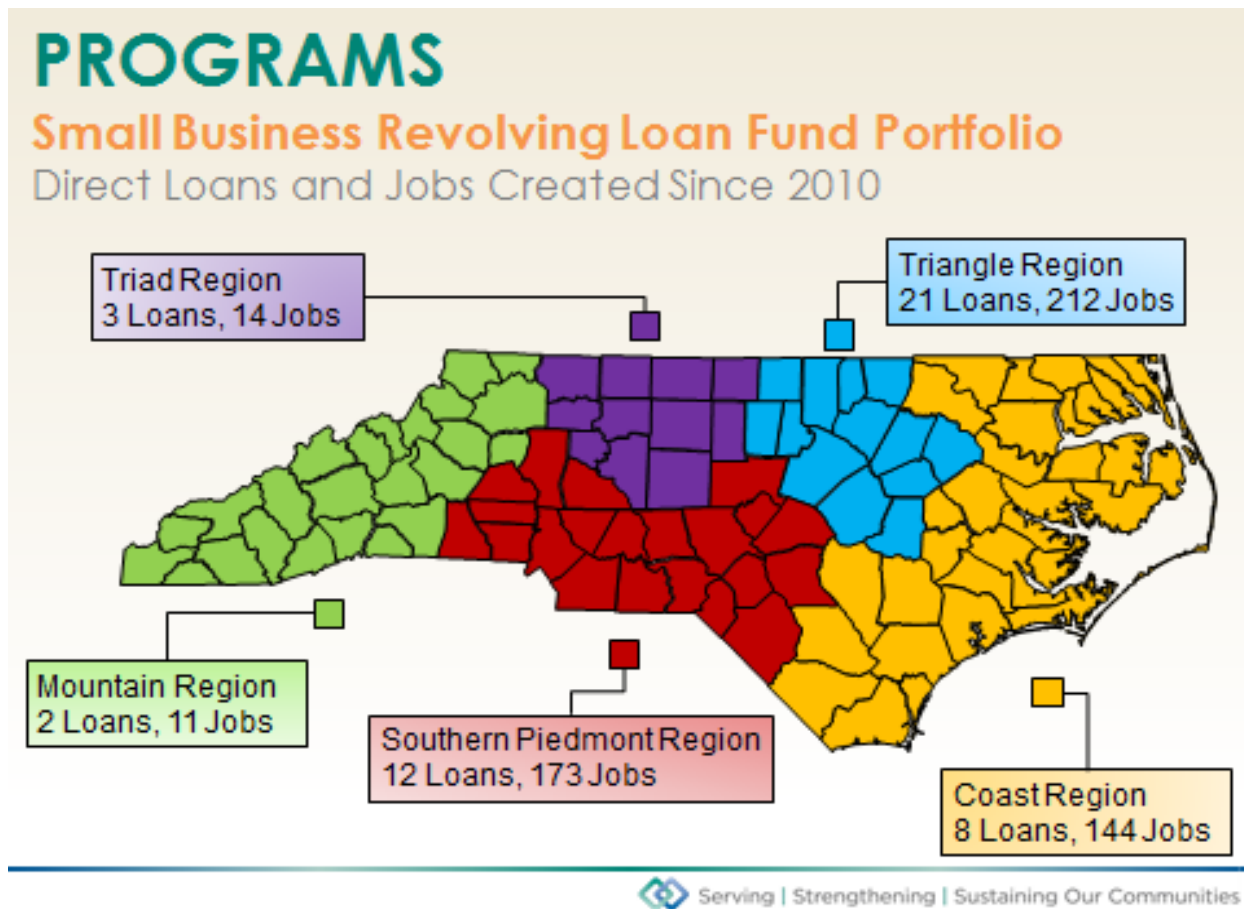
– Community Development Financial Institutions, or CDFIs, are community-based financial service providers that are working to create economic opportunities in the most distressed and underserved communities in the nation. There are 16 CDFIs currently operating in North Carolina. This report illustrates the impact of CDFIs in our state economy and in creating jobs and expanding access to capital across the state.

SMALL BUSINESS LENDING IN NC (May 2012) – As large banks have been pulling back from small business lending, community-based lenders have been stepping in to try to fill the lending gap. In this report, “Small Business Lending in North Carolina: The Increasing Role of Community Lenders,” The Support Center examined small business lending patterns in the state by banks, Community Development Credit Unions, Community Development Financial Institutions, and credit unions.



Impact

Thanks to the hard work and dedication of TSC's staff and supporters, we are proud to say that we were able to provide small business loans to 75 companies across North Carolina totaling \$6 million. With our funding, these companies were able to create and maintain hundreds of job. (Below is a chart of the loans we made statewide in North Carolina through calendar year 2012.)



The Support Center funded loans in a wide range of industries throughout rural and urban communities including manufacturing, service, retail, and workforce training. As detailed in the chart below, As of August 2, 2013, The Support Center's loan program has already served a range of borrowers and industries in North Carolina.

Borrower Type	Percentage
Minority	61%
Women	27.1%
Low-Income	15.3%
Urban	64.4%
Rural	35.6%

Sector	Percentage
Service	79.7%
Manufacturing	8.5%
Retail	6.8%
Other	5.1%

Statement of Financial Position

The Support Center

Condensed Financial Information

For the Years Ended June 30, 2012 and 2013

	2013	2012
Assets	\$ 14,365,048	\$ 12,411,755
Liabilities	4,364,460	3,386,918
Net Assets	10,000,587	9,024,835
Total Liabilities & Net Assets	\$ 14,365,048	\$ 12,411,755

The Support Center financial statements are audited by Romeo, Wiggins & Company, LLP. A full set of our audited version of these financial statements is available on the TSC's website at www.thesupportcenter-nc.org

Statement of Activities

	2013	2012
Contracts and grants	\$ 3,837,423	\$ 3,110,540
Interest Income	308,605	208,458
Loan Origination Fees	32,516	15,807
Other Revenue	92,244	47,367
Total Revenue	\$ 4,270,788	\$ 3,384,033
Program Services	2,980,130	2,588,868
Management & General	312,831*	270,635
Total Expenses	3,292,961	2,859,503
Change In Net Assets	975,720	524,530
Net Assets at Beginning of Year	9,024,847	8,500,307
Net Assets at End of Year	\$ 10,000,587	\$ 9,024,847

*Estimate

The Support Center Team



Lenwood V. Long, Sr.
President/CEO



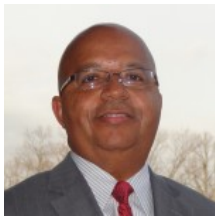
Sadaf Knight
Policy & Research Director



Roberta McCullough
*Vice President, Business
Services & Operations*



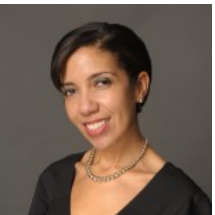
G. Edward Timberlake
Small Business Lending Manager



Don Harrington
*Small Business Lending
Director & Senior Loan
Underwriter*



Regina Durham
*Executive Administrative
Assistant*



Awamary Lowe-Khan
Chief Financial Officer



Vicki Lee Parker
*Marketing & Communications
Director*



Susan C. Sauro
Staff Accountant



Roxanna Horne
*Receptionist/Administrative
Specialist*



Eleanor Reid
Development Director



Meryl Olson
*Accounts Receivables
Accountant*

Governance

The Support Center is currently governed by a nine-member board of directors who are elected from a variety of backgrounds and professional experience. Each member brings wisdom, insight, diverse perspectives and a wealth of community development experience to the board. They each serve staggered two-year terms. The board's strong commitment to our mission and dedication to helping us serve under-represented communities is essential to the successful governance of The Support Center.

Our board members meet quarterly. In addition each board member serves on a board committee that also meets quarterly. We currently have seven committees: Executive, Small Business, Budget & Finance, Development, Policy & Research, Membership and Capacity Grant.

The board governs in accordance with The Support Center's bylaws, board of directors' pledge, policies and written code of ethics. Each document guides The Support Center strategically, facilitating the successful pursuit of our mission to partner with community-based organizations in providing equitable financial services and resources that foster economic development in underserved communities.

Board of Directors

Peter Skillern, Chairman

CEO, Reinvestment Partners, Durham
Raleigh

Tony Hayes, Vice-Chairman

CEO, NC Indian Economic Dev. Corp.

Maurice Smith, Treasurer

President/CEO, Local Government Federal
Credit Union, Raleigh

Sue Perry Cole, Secretary

NC Association of CDC's, Raleigh

Armeer Kenchen

President, Generations Community Credit Union
Durham

Dr. Lucy Reuben

Professor, Duke University, Durham

Nancy Patrick Stroud

Marketing Director, First Legacy Credit Union
Charlotte

Marshall Cherry

Vice President, Roanoke Electric Coop
Aulander

Lynn Holmes

Principal Consultant for Ross
Holmes Group, Raleigh

Partnerships

Building sustainable partnerships remain a very high priority for The Support Center. During the year we worked to deepen our partnerships with a number of community groups.



Stakeholders

The Support Center is proud to have been funded by generous groups of foundations, financial institutions, federal and state agencies. They invested in our vision to create economic opportunity for all people, bringing capital and financial training to those who needed it most, without the expectation of financial gain. To them all we say Thank you.





The SUPPORT CENTER

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