

FY 2018 Report to the Joint Commission On Governmental Oversight

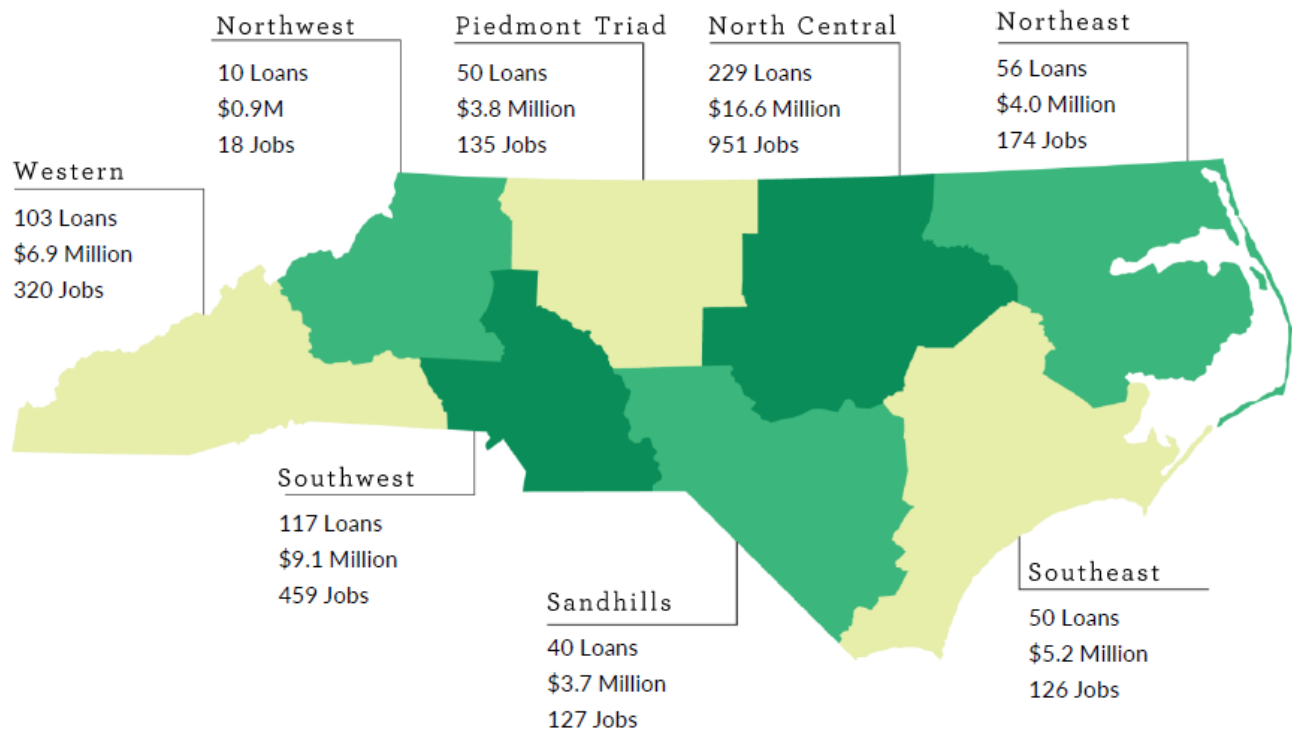
September 1, 2018

Prior State Fiscal Year Program Activities, Objectives and Accomplishments

In Fiscal Year (FY) 2018 Carolina Small Business Development Fund (CSBDF) furthered its efforts to expand access to capital and provide business services to small business in North Carolina. The State of North Carolina's appropriation was a critical component of our success. It provided the resources needed to reach businesses in all regions of the state, and for increasing our impact and leveraging additional investment to support our work and spur small business growth and development. During the year CSBDF also expanded on its Women's Program with the establishment of the Eastern Women's Entrepreneurship Center in Elizabeth City as well as the Coast Women's Ventures in Wilmington, NC. This report details our goals, objectives, and accomplishments by program area.

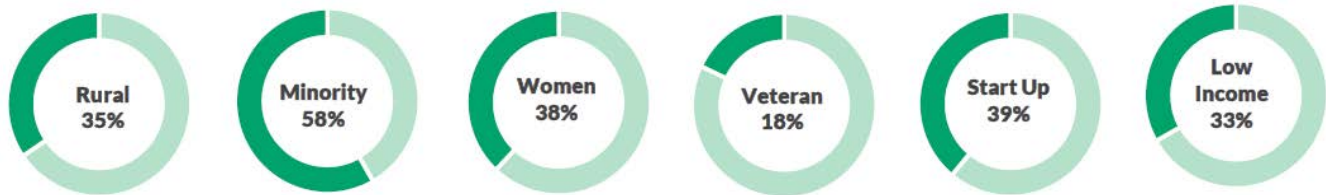
Small Business Lending

In FY 2018, CSBDF made 108 small business loans totaling \$11.4 million across North Carolina. Since starting our Small Business Revolving Loan Fund in Fiscal Year 2011, CSBDF had made 659 loans totaling \$50.7 million (as of June 30, 2018). These loans were made to businesses in each region of our state, as shown in the map below.



CSBDF's small business borrowers have created or retained 2,310 verified jobs across the state. The total impact, however, extends beyond just the loans that CSBDF finances. As these businesses grow and conduct business activity in their communities, they create ripple effects throughout the economy. Our research shows that for every one job created by a CSBDF borrower, .13 jobs are created in the North Carolina economy. FY18 CSBDF small Business borrowers have created or retained approximately 563 jobs across the state.

CSBDF's small business loans have financed businesses that would otherwise face barriers accessing bank loans. Of the loans made, 35 percent of our borrowers were in rural areas, 38 percent were women-owned businesses, 39 percent were startup businesses, 58 percent were minority-owned businesses, and 18 percent were veteran-owned businesses.



Business Services

Research shows that small businesses need both access to capital and business support services to achieve long-term success. CSBDF fills a critical gap in both of these areas. In FY 2018, CSBDF continued strong performance with workshops and seminars both at the IEC and around the state. CSBDF also increased one on one counseling. A new initiative in Business Services was the introduction of the Volunteer Technical Assistance program (VTA) which will provide the framework to recruit, train and deploy volunteers to mentor and educate entrepreneurs. Additionally, the VTA will include volunteer recruitment for events and fundraising opportunities.

In FY 2018, we served 2,369 clients served through the Innovation & Entrepreneurship Center, 1,802 clients through group trainings, workshops and events and 210 clients through one-on-one coaching.

Western Women's Business Center

Our Western Women's Business Center (WWBC) located in Asheville, NC with women entrepreneurs in the western region through technical assistance, business coaching and mentoring, and a wide variety of workshops, trainings, and networking opportunities. In FY 2018, the WWBC offered courses on topics including bookkeeping, business planning, financial management, marketing, and more. In addition, the WWBC hosts an annual conference that brings together small business owners, community leaders, nationally and locally renown speakers, entertainers, and experts for a full day of learning and networking. In June 2018, the 4th Annual WWBC Conference, with over 200 attendees. In FY 2018 the WWBC served 989 clients through workshops and group trainings, and 357 clients through one-on-one coaching, which totaled 996.25 hours of technical assistance delivered. Since opening its doors in July 2014, the WWBC has served over 3,446 clients in total.

Latino Program

The Latino population in North Carolina is rapidly growing, and in order to respond to the increasing number of Latino-owned businesses, CSBDF launched our Latino Program in October 2016. The *Programa Empresarial Latino* provides lending and business services to Latino businesses through our bilingual and bicultural program staff. Our website, online application, and marketing materials are all available in Spanish. Since launching the program, we have served 1,084 clients through workshops and group trainings and 242 clients through one-on-one coaching, totaling 1,364.25 hours of technical assistance delivered.

Innovation & Entrepreneurship Center

In January of 2017, CSBDF opened the Innovation and Entrepreneurship Center (IEC) in southeast Raleigh in partnership with Shaw University. The IEC fills a critical gap in services for minority-owned businesses in southeast Raleigh and beyond, providing space for collaboration, incubation, events, and showcasing creative arts. The goal is to leverage the expertise of CSBDF and Shaw University in order to provide critical services to businesses and expand access to

entrepreneurial training to Shaw University, aspiring and existing entrepreneurs, and the community at large. The IEC holds classes and events, such as a leadership series; workshop series on topics such as financial management, social media, preparing a loan package, and more; and business networking events. FY 2018 the IEC hosted Black Entrepreneurship week, which was a full week of events and seminars for minority owned small businesses, rounding the week off on Friday with a pitch competition that awarded a prize to three entrepreneurs.

Eastern Women’s Entrepreneurship Center

The EWEC works to provide an ecosystem of support to women entrepreneurs to foster small business growth and job creation. The service area for this Center focuses on the eastern part of the state, which has struggled to recover from economic declines related to the departure of the textile mill industry. This program was launched in August 2017 in partnership with Elizabeth City State University.

Coastal Women’s ventures

In FY2018 CSBDF partnered with the YWCA Lower Cape Fear to create the Coastal Women’s ventures. This was the first of its kind in Southeastern North Carolina. Services provided by the program support the YWCA Lower Cape Fear’s mission to empower women through economic advancement. North Carolina has ranked third for the growth of women-owned businesses over the past two decades, but still, women entrepreneurs face unique challenges in accessing capital and other resources they need to establish successful businesses. The collaborative program focuses on Business coaching, mentoring, small business education and loan capital assistance.

Leverage

CSBDF’s \$2.5 million state appropriation serves as the foundation for attracting additional investment in North Carolina’s small businesses. CSBDF has successfully leveraged investment in both our loan fund as well as support for our programs. In the past six years, the state’s funding for CSBDF has resulted in significant leverage each year. The chart below shows the leverage we have achieved because of the state funding.

Funds Leveraged, Fiscal Years 2011-2017		
Year	State Award	Leverage
FY 2011-2012	\$2,502,934	\$2,083,640
FY 2012-2013	\$2,543,021	\$2,208,806
FY 2013-2014	\$2,543,021	\$9,255,741
FY 2015-2016	\$2,500,000	\$9,451,067
FY 2016-2017	\$2,500,000	\$12,050,000
FY 2017-2018	\$2,500,000	\$11,525,000

A few of CSBDF’s recent achievements are highlighted below:

CSBDF CEO Appears Before House Committee on Small Business Resiliency

In August, the North Carolina General Assembly’s House Committee on Disaster Relief invited CSBDF President and CEO Lenwood Long to present on the unique short and long-term challenges small businesses face in the wake of disaster. In the nearly two years since Hurricane Matthew devastated many communities in predominantly rural Eastern North Carolina, CSBDF has issued 66 small business loans totaling \$6.6 million across 24 declared disaster zone counties. In addition, 74 businesses in the affected region received free technical assistance and 301 people attended classes for ongoing resiliency and disaster preparedness.

USDA Awards \$105,000 Grant to CSBDF for Rural Economic Development

USDA's grant will enable at least 180 people to participate in NC REAL, the North Carolina Rural Entrepreneurship through Action Learning program. According to CSBDF President and CEO Lenwood Long, "Aspiring small business owners in rural areas must overcome unique challenges to succeed. This grant helps us provide critical business services to entrepreneurs in these underserved communities and empower their economic potential."

Coalition of African American CDFI CEOs Pioneers New Strategic Alliance

Presidents and CEOs of African American-led community development financial institutions (CDFIs) across the country are uniting to build strong communities through economic growth, vibrancy and stability. CSBDF played a key role in helping form a coalition with multiple other CDFIs to increase lending opportunities. The group is focused on engaging in advocacy, establishing learning exchanges, and facilitating networking among members. CSBDF is proud to be a member of this coalition and looks forward to further engagement with other minority-led CDFIs.

Women Entrepreneurs Assemble to Build the Economic Foundation of Western North Carolina

The Western Women's Business Center, a program of Carolina Small Business Development Fund, hosted its 4th Annual Women's Conference in June. Keynote speakers and breakout sessions planted the seeds for success for 221 women who attended. The feedback was positive, with participants inspired to grow their business and develop their professional skills.

Black Entrepreneurship Week (BEW) Resonates Again in Downtown Raleigh

Nearly a thousand current and future African American small business owners came together at BEW 2018, marking the second year of the week-long conference. A total of 15 events were held in five days in July, including a keynote address from renowned civil rights attorney Ben Crump at Shaw University. Wednesday featured the Women's Leadership Summit at CAM Raleigh and the week culminated with the pitch competition and after party at Red Hat.