

FY 2016 Report to the Joint Commission On Governmental Oversight

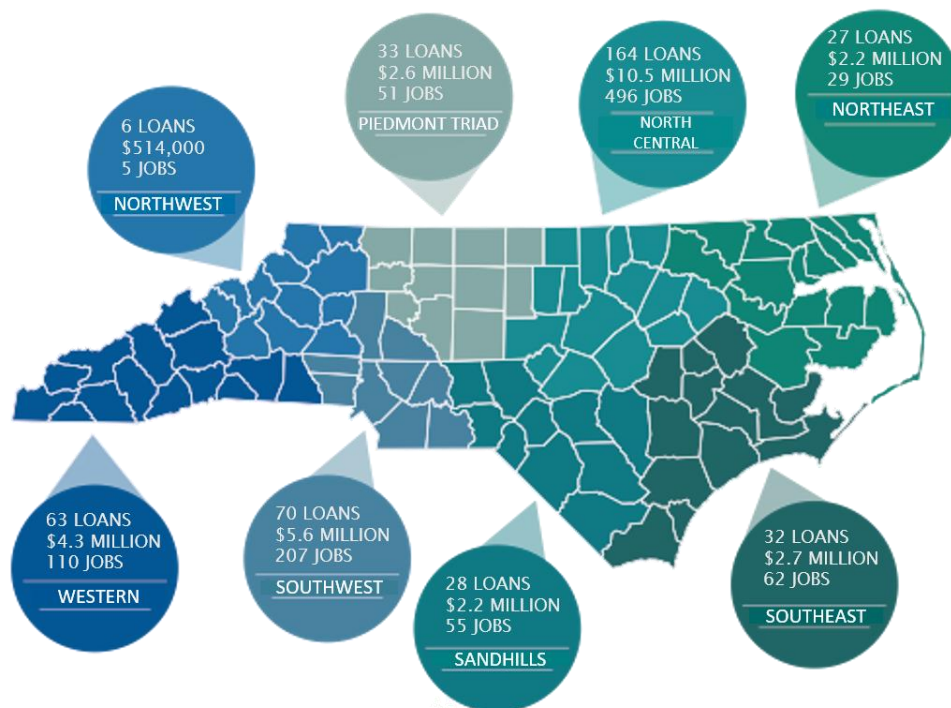
September 1, 2016

Prior State Fiscal Year Program Activities, Objectives and Accomplishments

Fiscal Year (FY) 2016 was a year of growth for The Support Center (TSC) in its efforts to expand access to capital and provide business services to small businesses in North Carolina. The State of North Carolina's appropriation provided a solid foundation for increasing our impact and leveraging significant investment from private resources to support our work. This report details our goals, objectives, and accomplishments by program area.

Small Business Lending

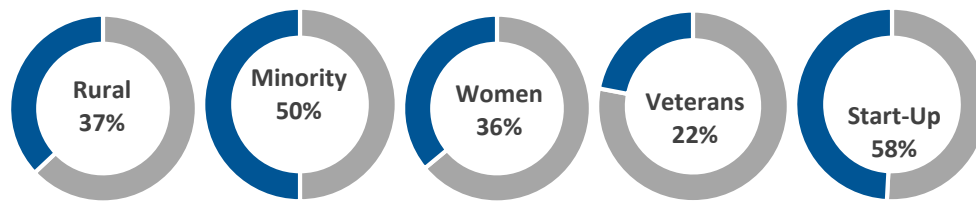
In FY 2016, TSC's goal was to make 100 loans to small businesses, totaling \$8 million in total dollar volume lent. As of June 30, 2016, we had exceeded our goal for small business lending, having made 138 loans across North Carolina, totaling \$11.2 million. Since starting our Small Business Revolving Loan Fund in Fiscal Year 2011, TSC had made 431 loans totaling \$30.9 million (as of June 30, 2016). These loans were made to businesses in each region of our state, as shown in the map below.



TSC's small business borrowers have created or retained 1,018 job across the state. The total impact, however, extends beyond just the loans that TSC finances. As these business 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 TSC borrower, 1.13 jobs are created in the North Carolina economy. The jobs that our loans help to create generated an additional \$7 million in income for North Carolinians, and the jobs that our loans help to retain saved \$2.6 million in income that otherwise would have been lost. This activity would not have taken place, but for the investments made by TSC in small businesses.

TSC's small business loans have financed businesses that would otherwise face barriers accessing bank loans. In FY 2016, 37 percent of our borrowers were in rural areas, 36 percent were women-owned businesses, 58 percent were startup businesses, almost 50 percent were minority-owned businesses, and 22 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. TSC fills a critical gap in both of these areas. In FY 2016, we expanded our business services offerings to include pre- and post-loan technical assistance, one-on-one business coaching and mentorship, and a broader range of educational opportunities, including workshops and training sessions. Our specialized program identifies the specific needs of our small business loan applicants, and designs customized Action Plans to increase business skills in areas such as financial management, marketing, business planning, projections, and more.

Our full range of business services was initiated as a pilot in March 2016, and formally launched in June 2016. Since then we have implemented Action Plans for five clients, with three additional Action Plans in development. Another four clients have been assisted with credit counseling. This program received national recognition, as it garnered support from Wells Fargo's national Wells Fargo Works for Small Business: Diverse Community Capital Program. This put TSC's program and more importantly, small businesses, on the national radar as leaders in small business growth and development.

Western Women's Business Center

Recognizing the need and demand for specialized business services for women entrepreneurs on western NC, TSC initiated a Western Women's Business Center (WWBC), located in Asheville. The WWBC works 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 2016, 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 renowned speakers, entertainers, and experts for a full day of learning and networking. In June 2016, the 2nd Annual WWBC Conference had 180 attendees, nearly doubling in attendance from the prior year, which had 95 attendees. In total, the WWBC served 902 clients through workshops, trainings, and technical assistance programs in FY 2016. Since opening its doors in July 2014, the WWBC has served over 1,200 clients.

In FY 2016, the WWBC also earned the distinction of becoming an official Small Business Administration (SBA) designated Women's Business Center. As an SBA designated center, the WWBC will have access to additional resources and a network of national expertise to impact entrepreneurs here in western North Carolina.

Leverage

TSC's \$2.5 million state appropriation serves as the foundation for attracting additional investment in North Carolina's small businesses. TSC has successfully leveraged investment in both our loan fund as well as support for our programs. In the past five years, the state's funding for TSC 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 2011-2016		
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

The \$9.5 million in investments were made to increase capital for small businesses in North Carolina that otherwise would have difficulty accessing the financing needed to startup, grow and expand. Two major national banks, Goldman Sachs and Wells Fargo, both made investments in TSC's loan fund through pioneering programs that they have launched to expand access to capital to small businesses: Goldman Sachs 10,000 Small Businesses Program and the Wells Fargo Works *for Small Business*: Diverse Community Capital Program. The Goldman Sachs program also encompasses a specialized training program at no expense for entrepreneur. It is offered through Babson College and provides business owners with tools and professional support in developing a growth plan for their business. TSC has been promoting and marketing this program, and four of our small business borrowers have completed the program.

TSC also raised an additional \$1,030,909 to support our programs, which, again, were leveraged using our state appropriation. A few of these awards are particularly noteworthy. As mentioned above, we received support from Wells Fargo and Goldman Sachs for our loan fund. We also were selected by these banks for grant support. In both cases, TSC was selected from community development financial institutions from across the country for this funding, which puts TSC and North Carolina small businesses on the national map as a leader in this sector. In addition, our WWBC has been successful in gaining support locally through Buncombe County and the City of Asheville, and nationally through the SBA.