

# The Support Center

## ORGANIZATION OVERVIEW AND IMPACT

1. **MISSION & PROGRAMS** 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 partner with community-based organizations to provide equitable financial services and resources that foster economic development in underserved communities. Our vision is to create economic opportunity for all people. Our programs include:

**Small Business Lending Program:** The Small Business Revolving Loan Fund is a direct lending program, providing small business loans in under-resourced communities statewide. We provide a diverse range of loan products to meet the needs of various types of entrepreneurs, including farmers, veterans, contractors, and women- and minority-owned businesses. Through our NC Small Business Development Loan program, we provide guarantees for business microloans offered by our affiliated Community Development Credit Unions in their service areas.

**Policy & Research:** The Support Center's Policy & Research program publishes studies that analyze the economic impact of our programs, and community-based lenders and service providers, and puts forth thoughtful policy recommendations to strengthen our state economy.

**Community Development Credit Union Capacity Building:** Through grants to CDCUs, The Support Center helps to expand CDCUs' capacity to provide financial services within their service areas. This program supports the development of CDCU operations, staff training, and growth of assets, loan volume, and membership.

2. **CUSTOMER/ TARGET POPULATION** Generally, The Support Center's target population consists of any borrower that finds it difficult to access affordable financial services through traditional financial institutions for any reason. In addition, through our Small Business Revolving Loan Fund program we have identified and developed lending programs for specific groups that have unique lending needs and are often turned down by banks. They include start-ups, small businesses with less than three years in existence, farmers, contractors, veteran-owned businesses, and minority- and women-owned businesses.
3. **ORGANIZATION INCEPTION** The Support Center, originally the North Carolina Minority Support Center, was founded May 1, 1990 by community development leaders for the purpose of creating opportunities for minorities, women, and other disenfranchised groups to have fair access to affordable financial services. Throughout most of our history, The Support Center has focused primarily on providing support to Community Development Credit Unions (CDCUs.) Those services included technical assistance, capital support, advocacy, marketing, financial education, and capacity grants. But as a result of consolidation and mergers within the credit union industry, the number of CDCUs that we

serve has been reduced from 18 to 4. In response to this change, in 2010, The Support Center's staff and board of directors underwent a year-long rebranding effort and drafted a Five-Year business plan detailing a business model that is centered more on our Small Business Revolving Loan Program. This new focus allows The Support Center to carry out its mission and gain an even greater economic return on investment and impact on North Carolina.

4. **FOOTPRINT** The Support Center serves individuals and small businesses in all 100 counties across North Carolina. However, two of our small business loan programs focus on specific regions. Our SBA Intermediary Lending Program is targeted toward seven counties in the southwest: Union, Mecklenburg, Gaston, Rowan, Iredell, Forsyth, and Cabarrus. Our USDA Intermediary Relending Program covers 14 counties: Vance, Warren, Northampton, Hertford, Pasquotank, Chowan, Halifax, Edgecombe, Martin, Bertie, Pitt, Lenoir, Craven, and Johnston.

5. **BUDGET** State Fiscal Year. FY2009-FY2013 (July 1<sup>st</sup>-June 30<sup>th</sup>)

	FY09	FY10	FY11	FY12	FY13
<b>REVENUE &amp; SUPPORT</b>					
<b>GRANT INCOME</b>					
State	\$ 4,098,322	\$4,145,325	\$ 3,742,974	\$ 2,502,984	\$ 2,543,021
FB Heron	25,000				
Kellogg			50,000		
Golden Leaf		53,290	28,000		
Z. Smith Reynolds			125,000		100,000
Grant Foundation		30,000			
USDA				35,954	14,046
CDFI Fund				1,500,000	953,806
Rural Center			25,000		5,000
PNC Bank					45,000
Opportunity Finance Network				20,000	
<b>OTHER INCOME</b>					
Dividend Income	192,355	221,773	154,935	126,358	100,000
Contributions	27,494	11,587	21,720	31,560	15,000
Mortgage Interest			16,605	36,495	22,000
Business Loan interest			219	45,606	100,000
Loan Fees				15,087	30,000
Rental Income	5,942	39,940	43,437	17,699	12,000
Membership Fees					15,500
<b>TOTAL REVENUE &amp; SUPPORT</b>	<b>\$ 4,349,113</b>	<b>\$4,501,915</b>	<b>\$ 4,207,892</b>	<b>\$ 4,332,431</b>	<b>\$ 3,995,373</b>

6. **SALARY COMPLIANCE** There are no positions with annual salaries above \$120,000. The following are employee benefits provided by The Support Center: Major Medical Health

Insurance, Dental Coverage, Long Term Disability Insurance, Short Term Disability Insurance, Group Term Life Insurance, Accidental Death & Dismemberment Insurance, 401k Retirement Plan.

7. **LOBBYING SERVICES** During the calendar year 2012 The Support Center used the lobbying services of The Longmire Group and LA Harris & Associates. Compensation for 2012 was \$36,000 and \$15,000, respectively.
  
8. **KEY PERFORMANCE INDICATORS** Our lending program not only serves individual entrepreneurs, but also serves as a generator of economic development in the state. Small businesses are the economic backbone of communities across our state. Through small business lending, we are able to create much-needed jobs and, in a tightening capital market, reach entrepreneurs and areas of the state that are not served by the financial mainstream. The businesses we support and the jobs we help to create provide incomes for business owners and the workers they employ. They generate economic activity and build wealth, which strengthens local economies and the state as a whole. Through our policy program, we work to provide timely and efficient solutions to expand access to capital and improve North Carolina's economy. These programs provide a positive return on the state's investment. The Support Center has instituted a robust process of tracking the internal and external outcomes of our lending program in order to measure our effectiveness. We track performance indicators on a monthly basis, as summarized below, to ensure the most effective stewardship of our investments and resources, and to ensure these fund are deployed to achieve the maximum social and economic impact.

#### Key Performance Indicators

	FY2009	FY2010	FY2011	FY2012	FY2013 (to date)
<b>NC Small Business Development Loan Program</b>					
Funds Deployed Per Year	\$760,505	\$1,264,667	\$796,690	\$179,000	\$100,250
Number of Loans Made Per Year	12	21	22	6	5
Number of Jobs Created / Retained	28	54	59	50	34
<i>Cumulative Jobs Created/Retained</i>	966	1,020	1,079	1,129	1,163
Cost per job created/retained	\$27,161	\$23,420	\$13,503	\$3,580	\$2,949
<b>Small Business Revolving Loan Program</b>					
Funds Deployed Per Year	N/A	N/A	\$103,000	\$1,522,750	\$897,031
Number of Loans Made Per Year	N/A	N/A	1	20	20
Number of Jobs Created / Retained	N/A	N/A	6	304	278
<i>Cumulative Jobs Created/Retained</i>	N/A	N/A	6	310	588
Cost per job created/retained			\$17,167	\$5,009	\$3,227
<b>CDCU Capacity Building</b>					
Total Cost per year- CDCU Capacity Building Grants	\$2,730,685	\$2,577,816	\$2,116,408	\$1,075,433	\$1,340,235

Number of CDCUs receiving grants	4	4	4	5	3
CDCU's Increase in Loans & Leases	8.50%	6.00%	4.63%	13.53%	0.21%
CDCU's Increase in Total Assets	21.89%	16.70%	8.64%	3.12%	-3.89%
CDCU's Increase in Total Membership	3.16%	0.29%	-1.39%	2.01%	3.34%

- 9. SIMILAR ORGANIZATIONS** The Support Center is one of 17 community development financial institutions (CDFIs) in the state, which include loan funds, venture funds, community development credit unions, and a bank. The Support Center is one of three CDFI loan funds that offer loans statewide. We are unique among these loan funds, as we are the only CDFI in the southeast that is an approved Farm Service Agency Lender, and the only CDFI in the nation that is an approved US Department of Transportation lender. We are also unique in that we serve start-up businesses in addition to existing businesses, provide gap financing, and we underwrite and service our loans in-house. Our lending program allows for the flexibility to fund both smaller (\$5,000) and larger (up to \$250,000) loans, and we only require a 10 percent equity injection where most lenders require 20-30 percent. By offering diverse loan products and by strategically targeting areas and populations in need of capital, we are able to reach a wide variety of borrowers including farmers, veterans, contractors, and women- and minority-owned businesses.

The most similar CDFI loan fund to The Support Center is Self-Help; however, there are key differences between our programs and those offered by Self-Help. The Support Center regularly receives referrals from Self Help on loans outside of their guidelines. For example, Self Help has a credit score minimum of 680 for new businesses, and 650 for existing businesses, for loans at or below \$50,000. The Support Center typically seeks a credit score of 600 or more, but will do lower with compensating factors. Another similar organization is the North Carolina Rural Economic Development Center. The Rural Center does microloans of \$25,000 or less. They are also a referral source for The Support Center. The Rural Center only does loans in rural areas with population of 25,000 or less. The Support Center is also an approved lender for Rural Center's Capital Access and Loan Participation Programs.

- 10. BUDGETARY IMPACT** In the past few years, The Support Center has sustained a cut of approximately 20% to its state funding. These reductions have affected us by limiting our ability to sustain the financial services that we have made available to entrepreneurs, families, and individuals in underserved communities across the state and to the members of our affiliated Community Development Credit Unions. It also required us to make staff adjustment through reorganization and reduce the funding for support of our affiliate Community Development Credit Unions. To mitigate these losses, in 2010, The Support Center's staff and board of directors drafted and approved a Five-Year Business Plan that outlines a sustainability plan centered on launching a direct Small Business Revolving Loan Program. As mentioned earlier, in 2010, The Support Center underwent a major rebranding and shifted its primary focus to providing lending services to entrepreneurs across the entire state, which is yielding a greater economic return on our state funds. Meanwhile, as our funding permits, we continue to offer financial services and technical support to CDCUs and their members. Our lending program was launched in 2010 and currently has a growing portfolio with 42 loans totaling \$2.6 million. The Support Center has been able to leverage

our state funds to generate revenue from a number of additional sources in the past few years. These sources include funds from federal agencies (US Dept. of Agriculture and US Dept. of Treasury—Community Development Financial Institutions Fund), as well as foundations and financial institutions (Kellogg Foundation, FB Heron Foundation, Golden Leaf Foundation, Grant Foundation, Z. Smith Reynolds Foundation, Opportunity Financial Network, PNC Bank, TD Bank, BB&T Bank, Bank of America and First Citizens Bank).

If the NER subcommittee implemented a goal that all non-state entities become self-supporting within a certain period, The Support Center would recommend the development of a business plan which clearly details a realistic time-frame for achievement. As mentioned earlier, The Support Center has written a Five-Year Business Plan that is set to help us reach sustainability within five years. However, the success of that plan requires that we continue receiving state funding through that time period with sufficient capital for small business lending support and program operations. Finally, while the state funding for our operations is critical, not only to help sustain us, it has been essential in helping The Support Center leverage additional funds from other sources. However, if the NER decides to only fund specific initiatives to achieve specific goals, The Support Center would be best served by state funding for our Small Business Revolving Loan fund with sufficient funding for staff capacity for loan underwriting, servicing and processing. This initiative would both serve our mission to provide financial resources to underserved communities, as well as help generate revenue for The Support Center to achieve its long term goal of self-sufficiency and the highest possible economic benefit for state. It cannot be underscored enough to say that the loss of funding for operational support would be crippling during this critical period as we work to achieve our long term goal of sustainability.