

# **Microfinance Programs Annual Report**

**Division of Community Development  
DEO of Economic Opportunity**

**November 1, 2016**



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# I. PROGRAM HISTORY

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Effective July 1, 2014, the Florida Microfinance Act was established in sections 288.993 – 288.9937, F.S. and \$10 million was appropriated to the Florida DEO of Economic Opportunity (DEO) for implementation. The intent of the Act is (1) to provide entrepreneurs and small businesses in Florida access to credit and financing that they might otherwise be unable to obtain through traditional financial institutions and (2) to develop the skills necessary for a business to be successful. This is accomplished through two programs: the Microfinance Loan Program and the Microfinance Loan Guarantee Program. As prescribed in statute, both the Microfinance Loan Program and the Microfinance Guarantee Program are established in DEO, however, section 288.9935 (3), F.S. directs DEO to contract with Enterprise Florida Inc. (EFI) to administer the Microfinance Guarantee Program.

Eligibility for both programs is defined in s. 288.9932(5), F.S., and is limited to entrepreneurs and small businesses that employ, 25 or fewer people, with average annual gross revenues of \$1.5 million or less for the preceding two years. Small businesses that receive microloans are required to participate in business management and business development training to acquire the skills necessary to achieve long-term financial stability.

DEO offers another similar program, the State Small Business Credit Initiative (SSBCI), but the SSBCI Program has a stated minimum loan size of \$250,000 and as such, tends to complement, rather than compete with, the Microfinance Program.

In the summer and fall of 2014, DEO spent considerable time creating the program framework and process; reviewing best practices; working with the Small Business Development Center Network (SBDC) to determine the minimum business management and development training and technical assistance businesses needed to become sustainable; and soliciting, vetting, and executing agreements with qualified loan administrators.

As required in section 288.9934(11), F.S., in October 2014 DEO contracted with Florida State University to conduct a study to identify best practices and methods to increase access to credit along with the ability of non-profits and financial institutions to expand access to credit to entrepreneurs and small businesses in the state.

In addition, DEO monitored the execution of the memorandum of understanding between the loan administrators, Enterprise Florida, Inc. (EFI), and the SBDC through the winter of 2014 and early spring of 2015. Therefore, once agreements were in place, the actual time the loan administrators had available to market, promote, receive and process loan applications, underwrite, and fund the loans was approximately four months until the end of the 2014-2015 fiscal year.

This report reflects the entire portfolio of all closed loans since 2014, and all loans are reported as current with no overdue payments, defaults, or payoffs. The repayment of funds awarded to the Microfinance Loan Program administrators will be provided upon expiration of the agreement period.

## Access to Credit

Continuance of the Microfinance Program is supported by several national studies and surveys that point to a persistent need for credit enhancement programs directed to small businesses. Across all segments, business owners (22%) report that cash flow is the top business challenge, and 63% report they hold debt secured by personal guarantees and/or assets<sup>1</sup>. Demand is driven mostly by young firms (0-5 years in business) seeking cash for expansion or to meet operating expenses, and 50% of loan applicants received less than the amount requested<sup>1</sup>.

A 2015 Gallup study reports, small business owners, as a segment of the total business population, tend to be diverse, with Asians, African Americans and Hispanics making up 25% of small business owners in the U. S.; minority small business owners tend to be younger than their counterparts, and they are geographically spread out, with African Americans concentrated in the south (47%) and Hispanic business owners found in the south (39%) and west (39%). Regarding income, African American business owners (49%) report the lowest (<\$50,000) business revenues, and Asians report the highest (\$250,000>) annual revenues, and their businesses as a whole, tend to represent higher percentages of startup and growing stage business cycles<sup>2</sup>.

These factors may be why minority segments of the business population find it more difficult to obtain business credit, with 18 percent reporting they were declined credit for business loans in the past<sup>1</sup>. Additionally, minority business owners report perceived lending discrimination, being particularly acute in the African American segment (22%) much more so than Asians (6%) or Hispanics<sup>2</sup> (12%). Coupled with market demands, it appears that small business owners face greater credit challenges than other business owners, thus requiring ongoing programmatic support.

<sup>1</sup> Federal Reserve Banks. (2015). 2015 Small Business Credit Survey. Washington, D.C.: Federal Reserve System.

<sup>2</sup> Gallup, Inc. (2015). Small business Diverse segments Lending Study. Washington, D.C.: Gallup, Inc.

## II. THE MICROFINANCE LOAN PROGRAM

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### Program Overview

The goal of the Microfinance Loan Program is to enable entrepreneurs and small businesses to gain access to traditional institutional financing upon completing the business-development and business-management training program provided by the SBDC. Statewide, two loan administrators, with a total allocation of \$5,125,000 provide microloans of up to \$50,000, which include a required 50 percent match to supplement program funds. Microloans may be used for any allowable business purpose such as startup costs, working capital, and the acquisition of materials, supplies, furniture, fixtures, and equipment. The loan program requires attendance in management and technical assistance training for the purpose of improving business sustainability.

## Implementation

Section 288.9934(3) (a), F.S., required that DEO execute at least one, but no more than three, loan program administrator contracts by December 1, 2014. DEO issued a request for proposals (RFP) to solicit loan program administrators on October 27, 2014, and received responses from OUR Microlending, LLC and the Florida Black Business Support Corporation.

OUR Microlending, LLC initially received \$3 million dollars in funding, and the Florida Black Business Support Corporation received \$300,000 due to limited ability to match funds. The agreement with the Florida Black Business Support Corporation was executed on November 26, 2014, and the agreement with OUR Microlending, LLC was executed on December 1, 2014.

In early spring of 2015, DEO began receiving constituent inquiries about the program, however the two loan program administrators were limited by geography and staff capacity. To remedy this challenge, DEO issued another RFP on April 21, 2015. The second solicitation did not receive any responses, at which point DEO reallocated additional funding in the amount of \$1,825,000 to OUR Microlending LLC, for a total balance of \$4,825,000. During the current fiscal year, the DEO maintained the same implementation framework as described for the prior year.

## Results

During FY2015-2016 under the Microfinance Loan Program, small businesses benefited from micro loans totaling \$844,514. The administration of the program provides businesses statewide coverage, however, the majority of businesses receiving program assistance are located in the southeastern tri-counties of Miami-Dade (31), Broward (16), and Palm Beach (8). The remaining businesses that closed loans were situated in Duval (4) and Escambia (2) counties. The concentration of loans may demonstrate program need in highly urban, dense locations of the state, but may also suggest the need for additional loan administration coverage in the less densely populated portions of the state. Based on closed loan production, more than 95 percent of the loans, statewide, were to Hispanic small businesses.

Loan Administrators	\$ Loans FY2014-2015	\$ Loans FY2015-2016	\$ Program Share FY2014-2015	\$ Program Share FY2015-2016	\$ Average Wages FY2014-2015	\$ Average Wages FY2015-2016	\$ Total Loans	\$ Total Program Share	Average Wages
OUR MicroLending, LLC	\$327,400	\$726,750	\$163,700	\$ 363,375	\$21,600	\$32,445	\$1,054,150	\$527,075	\$26,838
Florida Black Business Support Corporation	\$20,000	\$117,764	\$10,000	\$ 58,732	0	\$31,500	\$137,764	\$68,732	\$31,500
<b>Totals</b>	<b>\$347,400</b>	<b>\$844,514</b>	<b>\$173,700</b>	<b>\$ 422,107</b>	<b>\$21,600</b>	<b>\$32,051</b>	<b>\$1,191,914</b>	<b>\$595,807</b>	

The program was implemented in FY 2014-2015, and with ramp-up time, loan production spanned a six-month period. Therefore, the loan volume level was annualized to create a two-year comparison in loan production activity that shows a **22 percent increase in loan production** in FY2015-2016 (Table 2).

	FY2014-2015	FY2015-2016
<b>Annualized Closed Loans</b>	<b>\$ 694,800</b>	<b>\$ 844,514</b>
<b>Percent increase</b>		<b>22%</b>

Loan Administrators	Applications FY2014-2015	Applications FY2015-2016	Application Totals	# Loans FY2014-2015	# Loans FY2015-2016	# Loan Totals	Jobs Created FY2014-2015	Jobs Created FY2015-2016	Total Jobs Created
OUR MicroLending, LLC	29	76	105	\$ 23	55	78	15	14	29
Florida Black Business Support Corporation	6	11	17	\$ 2	6	8	0	10	10
<b>Totals</b>	<b>35</b>	<b>87</b>	<b>122</b>	<b>\$ 25</b>	<b>61</b>	<b>86</b>	<b>15</b>	<b>24</b>	<b>39</b>

Similar to the closed loan production, the applications were annualized to provide a two-year comparison of application activity that shows a **27% increase in application volume** in FY2015-2016 (Table 4.), and the program-to-date **application to closed loan rate is 70 percent**.

	FY 2014-2015	FY 2015-2016
<b>Annualized Applications</b>	<b>70</b>	<b>87</b>
<b>Percent increase</b>		<b>24%</b>

Loan program administrators are contractually obligated to comply with all objectives established in s.288.9934, F. S. In order to monitor performance and ensure that program objectives are met, loan program administrators must provide quarterly status reports including the number of applications submitted and approved, along with detailed information on the loans awarded, training provided, jobs created, and information on total number and dollar amount of outstanding loans. In addition, loan administrators must submit an annual financial audit performed by an independent certified public accountant and an operational performance audit for the most recently completed fiscal year no later than nine months after December 31. DEO expects to receive financial and performance audits from loan administrators for the current fiscal year by the fall of 2017.

### III. TRAINING

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In accordance with s. 288.9934(4) (e), F.S., SBDC was required to enter into a Memorandum of Understanding (MOU) with each loan administrator for the provision of providing business management training and business development training and technical assistance to entrepreneurs and small businesses that receive microloans, and to assist in the promotion of the program to underserved entrepreneurs and small businesses. SBDC executed MOU's with each of the two Microfinance Loan Program administrators on January 27, 2015.

In further adherence with s. 288.9934(4) (e), F.S., DEO staff consulted with SBDC leadership and determined that "Profit Mastery University," a financial education online video curriculum, was the best tool to provide entrepreneurs and small businesses with management training, development training, and technical assistance. The core teachings of Profit Mastery are to: 1) Foster client relationships, 2) Improve client cash flow, 3) Learn about effective tools & processes, 4) Advance client profitability, and 5) Increase client bankability. DEO staff and SBDC staff chose this curriculum as it offered convenience to the borrower and a built-in online tracking system for data reporting.

#### Training Results

Following is a summary of the technical assistance and training provided by SBDC to the qualified borrowers of the Microfinance Loan Program for FY 2015-2016 ending June 30, 2016:

- 65 small businesses were provided access to training;
  - 63 completed the required training, with 2 in process
- Businesses received 627 one-on-one professional consulting hours through the required training.

### IV. MICROFINANCE LOAN GUARANTEE PROGRAM

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The Microfinance Loan Guarantee Program is designed to stimulate access to credit for entrepreneurs and small businesses by providing guarantees for loans made to eligible entrepreneurs and small businesses. Microloan guarantees may be used for any allowable business purpose such as startup costs, working capital, and the acquisition of materials, supplies, furniture, fixtures, and equipment. Loan guarantees cannot exceed 50 percent of the total loan amount, and are limited to loans that range between \$50,000 and \$250,000.

On February 17, 2015, DEO entered into an agreement with EFI, as required in s. 288.9935(3), F.S., for \$2.52 million to administer the loan guarantee program. On June 16, 2015, EFI received an additional allocation of \$2.3 million for the Microfinance Loan Guarantee Program, as a result of the lack of RFP responses for additional Microfinance Loan Program administrators. EFI received a total allocation of \$4.825 million to administer the loan guarantee program. As required under s. 288.9936(2), F.S., the Microfinance Loan Guarantee Program report submitted by EFI is included in this report as Attachment A.

## V. RECOMMENDATIONS

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The Microfinance Loan Program has shown success during its first full year, but changes may be needed in the future to further the utilization of both programs. DEO recommends working with loan administrators and stakeholders of both programs to better define any challenges that may currently exist with the programs. Working collaboratively, all stakeholders can develop ways to enhance the program to ensure that it accomplishes the goal of stimulating access to credit for entrepreneurs and small businesses.



## VI. CASE STUDIES

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### Calypso's Island

This is the Success Story of Audrey Ceballos.

Business Name: Calypso's Enterprise, LLC  
Business Owner: Audrey Ceballos  
Loan Amount: \$15,000  
Date: September 2015



Loan Purpose: To buy raw materials, exhibit in local fairs and expos and marketing for the holidays

Mrs. Ceballos started her business as a hobby jewelry line around seven years ago, and like many startup business owners, she used a succession of increasingly larger microfinance loans to support her growing business needs.

In 2015, with the help of the Microfinance Loan Program, the business owner was able to participate in several expos and fairs, where she exhibited all of her jewelry products, resulting in substantial business growth.



## Manhattan Hair Styling

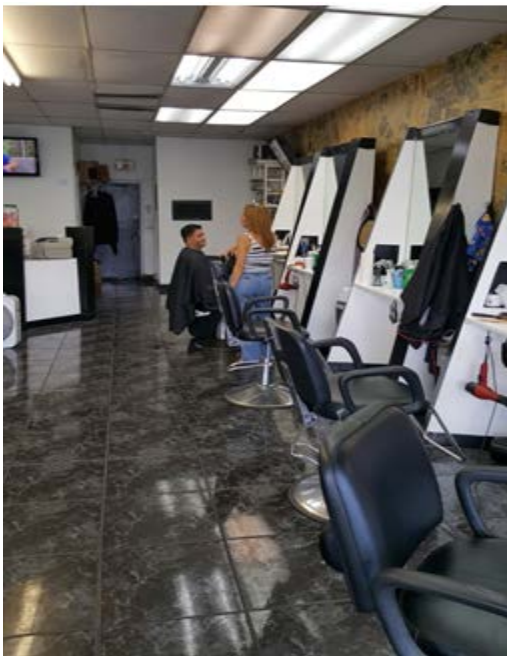
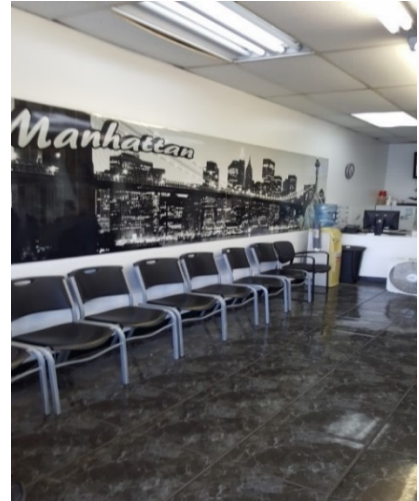
This is the Success Story of Miguel Ferrucho

Business Name: Manhattan Hair Styling  
Business Owner: Miguel Ferrucho  
Loan Amount: \$20,000  
Date: January 2016

Loan Purpose: Business improvement, painting, remodeling, and other related expenses.

Mr. Ferrucho is typical of a small startup business, with the owner using a series of microloans to support business growth. To demonstrate, in 2008 he received his first microloan in the amount of \$2,200, which he used to market his young business.

In 2015, to support further expansion, the business owner used the Microfinance Loan Program to obtain a loan in the amount of \$15,000. This loan was successfully paid off, and in 2016, he applied for a second loan in the amount of \$20,000.



## **VII. EXHIBIT A: Enterprise Florida, Inc. Annual Report**

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October 1, 2016

Florida Department of Economic Opportunity  
107 East Madison Street MSC 160  
Tallahassee, FL 32399

*Rick Scott,  
Florida Governor  
Chairman*

Re: **The Microfinance Guarantee Program**

**HEADQUARTERS**  
800 North Magnolia Avenue  
Suite 1100  
Orlando, Florida 32803  
T 407-956-5600  
F 407-956-5599

Pursuant to the agreement between the Department of Economic Opportunity (“DEO”) and Enterprise Florida, Inc. (EFI) for the administration of the Microfinance Guarantee Program, attached please find the **Annual Report** for fiscal year 2015-2016, covering the activity from July 1, 2015 to June 30, 2016, and the required additional information, as follows:

**TALLAHASSEE**  
101 North Monroe Street  
Suite 1000  
Tallahassee, Florida 32301  
T 850-298-6620  
F 850-298-6659

**Description of the Program:**

**INTERNATIONAL TRADE & DEVELOPMENT**  
201 Alhambra Circle  
Suite 610  
Coral Gables, Florida 33134  
T 305-808-3660  
F 305-808-3586

The Microfinance Guarantee Program was created because the Legislature considers the ability of entrepreneurs and small businesses to access capital as vital to the overall health and growth of this state’s economy; however, access to capital is limited by the lack of available credit for entrepreneurs and small businesses in this state, and that entrepreneurs and small businesses could be assisted through the creation of a program that will provide an avenue for entrepreneurs and small businesses in this state to access credit. As a result, the Microfinance Guarantee Program was designed to stimulate access to credit for entrepreneurs and small businesses in this state by providing targeted guarantees to loans made to such entrepreneurs and small businesses. Funds appropriated to the program must be reinvested and maintained as a long-term and stable source of funding for the program. The program was modeled after the successful *State Small Business Credit Initiative (SSBCI)*, launched by the state in 2011.

Eligible lenders (Lenders) for the program are those that meet the definition of the term “Financial Institution” as defined in s.655.005. “Financial institution” means a state or federal savings or thrift association, bank, savings bank, trust company, international bank agency, international banking corporation, international branch, international representative office, international administrative office, international trust company

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representative office, credit union, or an agreement corporation operating pursuant to s. 25 of the Federal Reserve Act, 12 U.S.C. ss. 601 et seq. or Edge Act corporation organized pursuant to s. 25(a) of the Federal Reserve Act, 12 U.S.C. ss. 611 et seq. This definition does not include Certified Development Financing Institutions (CDFI) that predominately serve microbusinesses.

The program has the following borrower eligibility requirements:

- a. Entrepreneur or small business located in Florida;
- b. Employs 25 or fewer people;
- c. Generates average annual gross revenues of \$1.5 million or less per year for the last 2 years;
- d. Is not a business engaged in speculative activities that develop profits from fluctuations in price rather than through normal course of trade, such as wildcatting for oil and dealing in commodities futures, unless those activities are incidental to the regular activities of the business and part of a legitimate risk management strategy to guard against price fluctuations related to the regular activities of the business.
- e. Is not a business that earns more than half of its annual net revenue from lending activities;
- f. Is not engaged in pyramid sales, where a participant's primary incentive is based on the sales made by an ever-increasing number of participants; or
- g. Is not engaged in activities that are prohibited by federal law or applicable law in the jurisdiction where the business is located or conducted. (Included in these activities is the production, servicing, or distribution of otherwise legal products that are to be used in connection with an illegal activity, such as selling drug paraphernalia or operating a motel that knowingly permits illegal prostitution); or
- h. Is not engaged in gambling enterprises, unless the business earns less than 33% of its annual net revenue from lottery sales.

The Microfinance Guarantee program was launched in May 2015 with a fully funded allocation of \$4,825,000 to EFI. The loan requests for guarantees are initially underwritten by the Lender, and then submitted electronically to EFI for evaluation for a Microfinance Guarantee. Requests are reviewed by EFI staff for eligibility, compliance and credit worthiness. Per statute, the allocated funds act as a revolving fund which EFI leverages at levels higher than a 1 to 1 basis, but no higher than a 3 to 1 basis (i.e., \$1 of Limited Guaranty Funds for every \$3 guaranteed).

The Lender pays to EFI a one-time non-refundable guaranty fee of 2.00% of the guaranteed amount, and the term of the guarantee will not exceed 36 months.

**Recommendations for change, if any:**

At this time EFI has no recommendations.

**Overlapping state programs, if any:**

The implementation guidelines for the Microfinance Guarantee Program have been designed to minimize overlapping with existing state programs, like the SSBCI. The intent is to use the Microfinance Guarantee Program more as a complement to the SSBCI program so that a borrower that would be ineligible for one program (for example because of loan size, number of employees, etc.) may be eligible for the other.

At the federal level, other programs that could overlap with the Microfinance Guarantee Program would include the SBA Microloan program, but the simplicity of the process and reduced forms makes the Florida Microfinance Guarantee program an attractive alternative to micro lenders that are not familiar with the SBA program, or have already maximized its options for funding through this program.

**Current availability and access to credit for small businesses in FL:**

According to the most recent Private Capital Access Index from Pepperdine Graziadio School of Business and Dun & Bradstreet<sup>1</sup>, despite recent growth, Florida small businesses are feeling much more restricted than the national average, feelings that could stem from an inability to obtain financing. The highlights from this study and its updated data are as follows:

1) Seventy-two (72%) percent of Small and Medium Florida Businesses surveyed are planning to hire in the next six months, compared to sixty-seven (67%) percent nationally. Also, Florida's need for financing seems to be slightly higher when compared with the national averages, according to the survey results. Forty-four (44%) percent of small and medium businesses in Florida surveyed reported that they planned to raise financing in the next 6 months (up from 36% in the prior year), and 71% reported needing said financing due to planned growth (up from 62% in the prior year). It's worth noting that nationally only 62% of businesses estimate any need for financing due to planned growth. This is an indication that Florida businesses have

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<sup>1</sup> <http://accesstocapital.com/studies/florida-q1-2016-pca-index-findings-infographic/>

higher expectations of growth than the national average.

- 2) Seventy-one (71%) percent feel growth opportunities are restricted by the current business environment (up 10% from a year ago) compared to 58% nationally. Almost seven in every ten small businesses in Florida feel their ability to hire in the immediate future is restricted, compare to only 50% nationally.
- 3) Difficulty in accessing capital continues to be a major issue for small businesses in Florida. Though 56% of small and medium businesses surveyed attempted to get a bank loan in Q1 2016, only 29% were successful. While this is 20% up from last year, it's still 9% below the national average. This suggests that banks are still struggling in making capital accessible to small businesses, and credit enhancements (like Microfinance Loan Guarantees) are still relevant in reducing risk and facilitating access to capital in the immediate future;
- 4) Likely due in part to the challenges faced accessing traditional financing from banks, 41% of Florida businesses transferred personal assets to business, compared with 37% nationally. The lack of access to traditional bank financing played a major role in Florida businesses turning to alternative sources and personal assets for financing. Fifty-six (56%) percent turned to personal credit cards, 61% used business credit cards and 41% funded their financing needs with personal loans.

In summary, although Florida small businesses are pushing for growth, access to capital continues to be a challenge and lending activity continues to lag behind compared to other states, resulting in a generalized feeling of lack of opportunities to grow.

**Other deliverables:**

- (d) Industry data about the borrowers, including the six-digit North American Industry Classification System (NAICS) code; **(see attached table)**
- (e) The name and location of lenders that receive loan guarantees; **(see attached table)**
- (f) The amount of state funds received by Enterprise Florida, Inc.; **\$4,825,000.00**
- (g) The number of loan guarantee applications received in the fiscal year; **Seven (see attached table)**
- (h) The number, duration, location, and amount of guarantees made in the fiscal year: **(see attached table)**
- (i) The number and amount of guaranteed loans outstanding, if any; **\$410,100.00**
- (j) The number and amount of guaranteed loans with payments overdue, if any; **None**

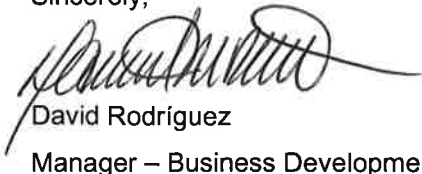
- (k) The number and amount of guaranteed loans in default, if any; **None**
- (l) The repayment history of the guaranteed loans made; **Satisfactory; No loans are in default**
- (m) An evaluation of the program's ability to meet the financial performance measures and objectives specified in subsection (3). **The Program is currently in compliance with the performance measures and objectives to maximize state funds:**
- a. Not to exceed 33% default rate (max 1 out of 3 guarantees in default, based on the max leverage of 3 to 1 allowed by the program).  
**Results: Default rate is 0%**
  - b. Have a proportional risk of up to 1 to 1 (program funds vs. private funds) at all times, based on the 50% maximum guarantee allowed by the program  
**Results: The program currently exceeds the parameter, with only \$0.12 in program funds at risk vs. \$1.00 in private funds at risk (or 8.39x leverage of private funds vs. program funds)**

**Summary of Results:**

Despite a slow start, the Microfinance Guarantee Program gained traction in the first half of the fiscal year, achieving the following results:

1. Seven (7) Microfinance Guarantees were closed in the fiscal year 2015-16 with a total commitment of \$410,100 in program funds (average guarantee \$58,585).
2. 71% (5 out of 7) of recipients are minority-owned businesses.
3. The program attracted a total of \$3,441,163 in private capital (\$2,900,600 in bank loans) for a leverage of \$8.39 in private capital for every \$1 of Microfinance funds committed.
4. Fifty-eight (58) new jobs are projected with an average annual wage of \$28,141 per job.
5. No geographical concentration - borrowers and lenders are geographically dispersed in the state.

Sincerely,



David Rodriguez  
Manager – Business Development



**MICROFINANCE GUARANTEE PROGRAM**  
9/30/2016

Quarterly Report as of:

Unique ID	Borrower	MACS	Minority Group (Y/N)	Minority Ethnic	Borrower Zip	County	Rural	LMI	Underserved / Over-served	Date closed	Equity	Program Qualifiers		Avg annual wage by borrower	Lender	Lender Type	Lender City	Lender State	Lender Zip		
												Must not exceed \$1,500M application	Must not exceed 36 months								
Average gross revenues (in \$)												Other concurrent financing	Leverage	Jobs created	Avg annual wage by borrower	Lender	Lender Type	Lender City	Lender State	Lender Zip	
Current FTE's	Loan amount	Amount advanced	Percentage repaid	Term (months)	Must not exceed 28	Must not exceed 5%	Must not exceed 36 months														
Quarter 1 Jul - Sept 2015	SOE'S LITTLE BLESINGS LLC Dutch Enterprises, Inc. Karral Drycleaners, Inc.	674410 B, W 811110 V 812420 W	African Amer NA Indian	32804 Leon 32804 Orange 33594 Hillsborough	No No No	No No No	No No No	No No No	No No No	31-Jul-15 28-Aug-15 9-Sep-15	25,141.00 33,000.00 260,000.00 318,141.00 Total	105,200.00 240,000.00 240,000.00 585,200.00 Total	53,600.00 120,000.00 120,000.00 293,600.00 Total	50% 50% 50% 50% Avg	36 36 36 36 Avg	1 7 7 15 Total	\$ 37,440.00 \$ 45,760.00 \$ 25,000.00 \$ 35,066.67 Avg	First Commerce Credit Union Harbor Community Bank Sunshine Bank NorthStar Bank Avg	Winter Haven Ridgeland Tampa Tampa Avg	FL FL FL FL Avg	32814 34741 33602 33602 Avg
Quarter 2 Oct - Dec 2015	U&H Healthcare LLC and U&H Cafe, LLC Thistle & Poppy LLC	446110 W 311999 W	Asian German	33604 Hillsborough 33570 Hillsborough	No No	No No	No No	No No	No No	26-Oct-15 28-Oct-15	208,012.00 3,200.00 211,212.00 Total	50,000.00 50,000.00 100,000.00 Total	25,000.00 25,000.00 50,000.00 Total	50% 50% 50% Avg	36 36 36 Avg	15 12 27 Total	\$ 53,000.00 \$ 30,000.00 \$ 41,500.00 Avg	NorthStar Bank NorthStar Bank NorthStar Bank Avg	Tampa Tampa Tampa Avg	FL FL FL Avg	33602 33602 33602 Avg
Quarter 3 Jan - Mar 2016	<b>NO NEW GUARANTEES CLOSED</b>																				
Quarter 4 Apr - Jun 2016	Cypress Junction Montessori, Inc. Amanda Bradshaw Aesthetics LLC	611110 NA 812190 W	NA W	33880 Polk 32086 Saint Johns	No No	No No	No No	No No	No No	14-Apr-16 18-May-16	11,210.00 11,210.00 Total	80,000.00 27,500.00 107,500.00 Total	40,000.00 27,500.00 67,500.00 Total	50% 50% 50% Avg	36 36 36 Avg	17 12 29 Total	\$ 45,000.00 \$ 25,000.00 \$ 35,000.00 Avg	Citizens Bank & Trust Harbor Community Bank NorthStar Bank Avg	Winter Haven St. Augustine Tampa Avg	FL FL FL Avg	33880 32086 33602 Avg
Quarter 1 Jul - Sept 2016	<b>NO NEW GUARANTEES CLOSED</b>																				

Applications received in the quarter (N)	Amount \$\$ (cumulative)	Loans in default (N)	Loans in default over due (N)	Loans with payments overdue (N)
0	\$ 0	0	\$ 0	\$ 0
<b>Avg</b>	<b>Avg</b>	<b>Avg</b>	<b>Avg</b>	<b>Avg</b>
0	\$ 0	0	\$ 0	\$ 0
<b>Total</b>	<b>Total</b>	<b>Total</b>	<b>Total</b>	<b>Total</b>
0	\$ 0	0	\$ 0	\$ 0
<b>Avg</b>	<b>Avg</b>	<b>Avg</b>	<b>Avg</b>	<b>Avg</b>
0	\$ 0	0	\$ 0	\$ 0
<b>Total</b>	<b>Total</b>	<b>Total</b>	<b>Total</b>	<b>Total</b>

Fiscal Year 2016-17

Applications received in the year (N)	Amount \$\$ (cumulative)	Loans in default (N)	Loans in default over due (N)	Loans with payments overdue (N)
0	\$ 0	0	\$ 0	\$ 0
<b>Avg</b>	<b>Avg</b>	<b>Avg</b>	<b>Avg</b>	<b>Avg</b>
0	\$ 0	0	\$ 0	\$ 0
<b>Total</b>	<b>Total</b>	<b>Total</b>	<b>Total</b>	<b>Total</b>

## **VIII. EXHIBIT B: Florida Small Business Development Center Annual Report**

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# Helping Businesses Grow & Succeed

## Microfinance Program Activity Report

### FY2016 Annual Report for DEO

Florida Senate Bill CS/HB 7023 was signed into law by Governor Rick Scott on June 20, 2014. Among other items, the bill created two microfinance programs; the Microfinance Guarantee Program and Microfinance Loan Program. These programs aim to increase the availability of microcapital by making the loans more attractive to originate, thus increasing the availability of loans to small businesses to grow their operations. Under both programs, eligibility is limited to borrowers who are entrepreneurs or small businesses with 25 or fewer employees and revenue up to \$1.5 million per year.

Under the Microfinance Loan Program (§288.9934(4)(a)), the Department of Economic Opportunity (DEO) competitively awarded funds to two lending institutions who in turn make loans of \$50,000 or less to Florida small businesses or entrepreneurs that generate annual gross revenues averaging no more than \$1.5 million per year for the last two years. At least one dollar of that lender's funds must be at risk for every dollar of state funds committed. The two loan administrators selected by DEO included OUR Micro Lending, LLC and Access Florida Finance Corporation, dba, Florida Black Business Support Corporation.

In accordance with Florida Statute §288.9934(4)(e), the Florida SBDC Network was required to enter into a MOU with each loan administrator for the provision of providing business management training, business development training and technical assistance to entrepreneurs and small businesses that receive microloans, and to assist in the promotion of the program to underserved entrepreneurs and small businesses. The Florida SBDC Network executed MOUs with each of the two loan administrators on January 27, 2015.

Following is a summary of the technical assistance provided to the qualified borrowers of the Microfinance Loan Program from January 27, 2015 to July 31, 2016. Due to client confidentiality statute, we are not allowed to release names of the small businesses or owners.

#### Florida SBDC Activity:

- 65 small businesses concerns were provided access to training; 63 completed the required training, 2 are in process
- 627 one-on-one professional consulting hours were provided by required training
- \$1,174,300 in loans were reported approved by Loan Administrators (average of \$18,000 per loan)

