

ANNUAL IMPACT REPORT 2018



EDG Enterprise Development Group
EDG

Your bridge to a brighter future

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TABLE OF CONTENTS

<u>MESSAGE FROM THE PRESIDENT.....</u>	<u>1</u>
<u>2018 HIGHLIGHTS</u>	<u>2</u>
OUR PERFORMANCE: LOAN PORTFOLIO	2
TAX FILING ASSISTANCE	3
INVESTING IN THE WAY WE WORK	4
BUSINESS GROWTH STRATEGY	5
<u>SUCCESS STORIES</u>	<u>6</u>
<u>FINANCIALS.....</u>	<u>9</u>
<u>OUR SPONSORS</u>	<u>10</u>

MESSAGE FROM THE PRESIDENT

Dear Friends,

On behalf of the ECDC Enterprise Development Group (EDG) staff and board, I am pleased to present the EDG's fiscal (FY) 2018 Year in Review. EDG was founded 25 years ago with the mission to promote opportunities for self-sufficiency and development to low-to moderate-income people through sustainable economic and community development initiatives. Today, we have moved from counting experiences to demonstrating that these experiences contribute to the success of thousands of small business entrepreneurs and bring EDG to counties, states and regional prominence. The customer stories provided in this report exemplify the results of our work.



This time last year, we were reflecting and constructing EDG's 5 years' strategic plan. We have now launched the fully fledged implementation of our strategic plan which is a comprehensive guide to the policies, programs, operations, and strategies for meeting our goals. We have included some of the highlights of the strategic plan in this report. We are optimistic as we look forward to the successful implementation of the plan.

At EDG, we believe we all must come together to solve the issue of access to capital for small business entrepreneurs, poverty, and inequality. We are grateful to those who have been with us and supported us on this journey and those who will continue to do so in the years to come. With your unwavering support, we will continue to achieve our mission of promoting opportunities for self-sufficiency and development to low-to moderate-income people through sustainable economic and community development initiatives.

As we begin to navigate FY 2019, we are poised to take our work to the next level: **"On the Road from Good to Great"** to tackle the pressing and continued challenges and opportunities that face the low to moderate income underserved population. We invite you to join us.

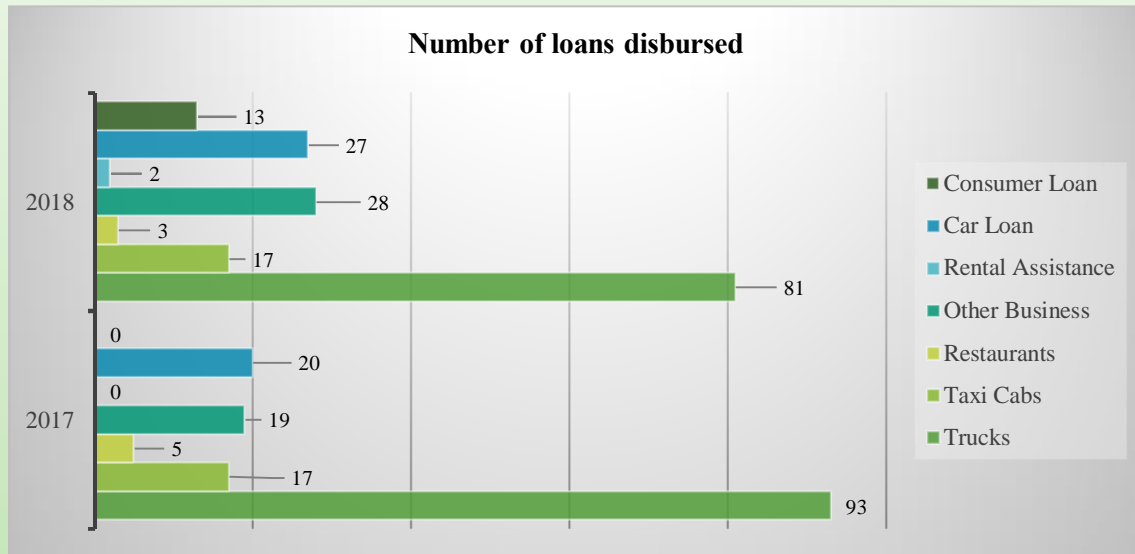
Sincerely,

Tsehaye Teferra, PhD, President, and CEO.

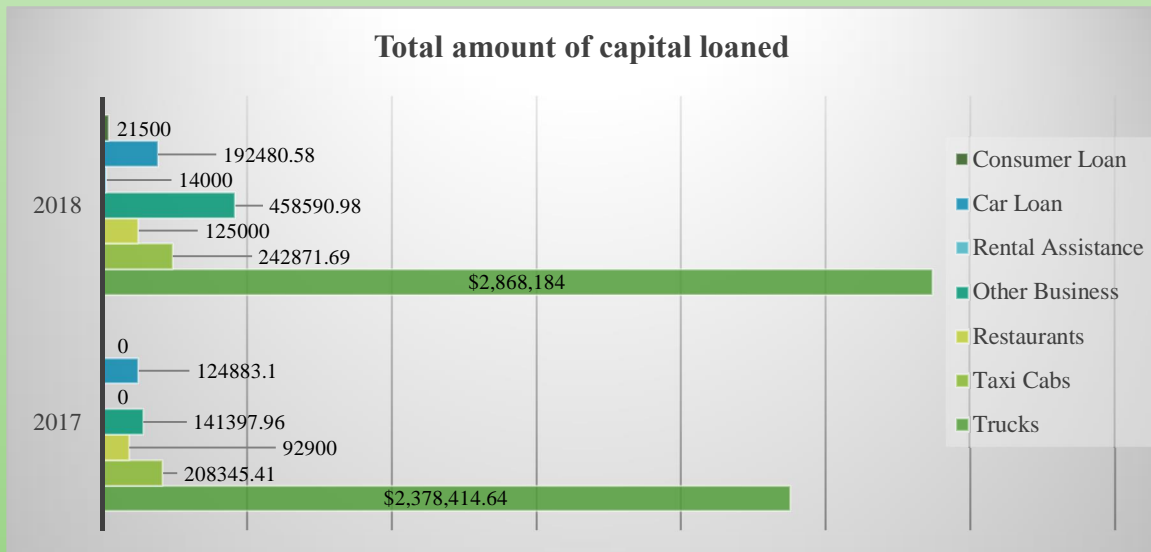
2018 HIGHLIGHTS

Our Performance: Loan Portfolio

The total number of loans disbursed during FY 2018 is 171, compared to 154 disbursed during FY 2017. This shows a growth of 11%.



The total amount of capital loaned during FY 2018 is \$3,922,627, compared to \$2,945,941.11 loaned during FY 2017. The total amount of capital loaned has grown by 33%.



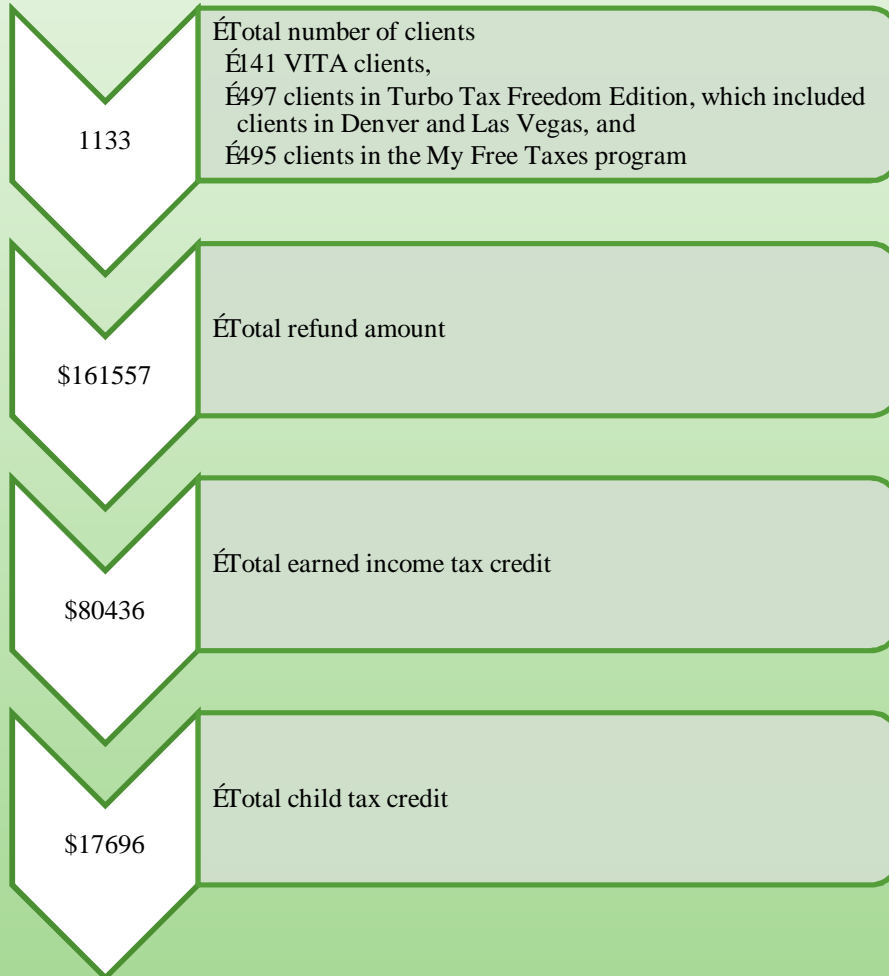
The total number of loans initiated, processed, and disbursed through our Baltimore program during FY 2018 is 21. This number was 12 during FY 2017. The total amount of capital loaned during FY 2018 is \$224,903.52, compared to \$99,500 loaned during FY 2017.

The overall default rate during FY 2018 was 5.83% as of September 30, 2018.

2018 HIGHLIGHTS

Tax Filing Assistance

Volunteer Income Tax Assistance (VITA) helps low-income taxpayers file their tax returns accurately and on-time for free with the help of certified volunteer tax preparers. What sets us apart from other tax preparation programs is an extra step we take for clients to receive complete, detailed information about their tax returns, as well as the credits, deduction and adjustments they receive and how their tax refunds or liabilities were derived. The following numbers are for the EDG site location for the tax year 2017:



Facilitated Self Assistance (FSA) promotes self-sufficiency by teaching our clients how to prepare their own taxes. If a client has a simple return, is fluent in English, and is tech savvy, we encourage them to use this program. In this program, we put the taxpayer in charge of their taxes by walking them through their taxes with free computer tax preparation software. This provides them with a basic understanding of their taxes and empowers them to take control of their taxes.

At an average cost of about \$200 for tax preparation fees, client savings were \$226,600

2018 HIGHLIGHTS

Investing in the way we work

Revisiting loan policies and procedures

In an effort to respond to changing circumstances and ensure continued sustainable business growth, EDG policies and procedures were reviewed and changes were proposed. We believe these changes will increase efficiency in loan processing and address the high portfolio concentration risk by increasing the volume of business loans to non-transportation sectors.

Loan program management dashboard

An excel sheet Dashboard has been developed to systematically and regularly update program information to consistently track major milestones regarding our loan program and ensure compliance. This tool will allow us to meet and fulfil EDG commitments and major milestones with diversified donors in a timely manner.



Workflow process and flowchart

A workflow process for loan application, review, approval, disbursement, collection and graduation has been developed. The workflow process outlines the various stages involved, activities at each stage, who the responsible person is, and the time it will take to process. In addition to clarifying roles and responsibilities, this tool will enable us to monitor loan applications, review and approve turn-around times, manage staff/team accountability, and ensure loan portfolio quality.

Visibility and Branding

A new ECDC EDG website was launched in November 15, 2017. The website is currently being upgraded to add features and provisions that facilitate our users' experience. The features include useful tools, such as a donate button, a link to apply for a loan or make a payment, and other resources potential clients may need, EDG news-letter posting, 2-5 minutes' video clip posting on success stories.

2018 HIGHLIGHTS

Business Growth Strategy

A business growth strategy was initiated, completed and discussed with Senior Management and all staff. The Growth Strategy highlights:



Trend analysis for ECDC EDG loan portfolio, taking into account the current dynamics in the market and loan repayment performance

Initiatives for market penetration-character, capacity, condition

Market development, product/service development

Customer diversification

Digitization-to facilitate on-line loan application, processing and repayment

Design loan program management and execution Dashboard

SUCCESS STORIES

Although small business is generally believed to be financially excluded with less access to bank loans, the most disadvantaged sub groups are startups owned by women and newcomers, including refugees and asylees. Therefore, while demonstrating the examples of how the funds are creating an impact among the people we serve, we would like to showcase the narratives of customers representing asylees and women beneficiaries of our lending and technical assistance program.



Heather Boss is the principal owner and founder of Fit to be Tan, LLC, the first airbrush-only tanning studio in the Washington DC area. Mrs. Boss began researching non UV-based tanning methods in early 2007, searching for healthier alternatives to tanning beds that could still achieve a sun-kissed glow. Her research led her to her first airbrush tanning equipment purchases, and she began experimenting on friends with various solutions and airbrush spray techniques until arriving at a successful combination that has enabled the company's growth over the past 5 years.

After initially spraying friends for fun out of her home, word began to spread outside of Mrs. Boss's circle, and soon, demand for her airbrush services began to grow. Mrs. Boss hired and trained her first airbrush spray technician employees, who worked out of her home, to help meet the growing tanning demand. Within 8 months, Fit to be Tan was servicing dozens of clients per week and began searching for a conventional retail space to meet the growing demand for her services.

Todd and Heather Boss started a relationship with EDG in 2010 with a micro loan of \$30,000. To date, they have paid off 4 loans. Recently, in 2018, EDG closed a loan of \$35,000 as working capital and procurement of ATM machine to expand the business.



Our Mission

EDG promotes opportunities for self-sufficiency and development to low-to moderate-income people through sustainable economic and community development initiatives



Determined to start a business in the trucking industry, a space dominated mostly by male figures, it was a breath of fresh air when Cintya Pinto walked through EDG's doors.

Just four years beforehand, Cintya said she did not know what to do to support her family. As an immigrant and single mom with children to support, she took a leap of faith and learned how to drive a dump truck. She received her commercial driver's license and began driving dump trucks for an area-excavating firm.

Little did she know that driving would not only support her family, but would also pave the way for her to eventually own a business and start her very own company, VPTS Trucking.

Cintya approached EDG because she saw that there was so much demand for truck drivers in the Washington, D.C. area. She said there were times she had been using her own network of truck drivers that she had met in the field just to satisfy a contract won by her then-employer. She realized that if she owned her own truck, she could increase her revenue. So, she approached EDG to purchase a 2007 Kenilworth truck and received a loan of \$35,000. Since then, Cintya has purchased a third truck and hired her own team of drivers. She consistently wins sub-contracts with both government and state agencies.



Susan Hunter Silverman, the late founder of S & A Beads, began selling beads, jewelry-making parts, and gift items in the mid-1980s at open-air flea markets across the Washington area. She was a regular at Eastern Market on Capitol Hill and the Bethesda Farm Women's Market on Wisconsin Avenue. She took the business indoors in 1987 to a small store on Carroll Avenue in Takoma Park, and later to the shop's current home on Laurel Avenue. The "A" in S & A stands for Abraham, Mrs. Silverman's son, who has been an active participant in the business since its beginning. Abraham is a member of the Washington Bead Society and an expert on the antique African beads that make S & A Beads one of the most interesting bead stores anywhere. He is also an attorney stationed in Princeton, NJ.

Susan Silverman's eclectic taste for brilliant colors and diverse cultures was reflected in her jewelry design and in the items sold in her store. "The nice thing about bead stringing," she used to say, "is that you can get a beautiful result at the first attempt, unlike other crafts, such as playing the violin." Her tradition of sharing her knowledge of beads and jewelry making is carried on today by the knowledgeable staff of S & A Beads, each of whom is a teacher and designer in their own right. Today, the store is owned by the passionate beaders of the Silverman family, including Larry, Abraham, and Emily Silverman. Larry Silverman started a relationship with EDG in 2009 by getting a micro loan of \$20,000. He has paid off 4 loans and is still making regular payments to an outstanding loan.

Immigrants with diverse background usually face multiple impediments when trying to start their own businesses. Among others, access to finance stands out as the most critical impediment to refugees and asylees with no credit history.

A case in point is Ashenafi Babanto who came to the United States in April of 2012. As a graduate in Mechanical Engineering with over 10 years of work experience, Ashenafi had been running his own construction business in his home country, Ethiopia. Coming to the US as an asylee, however, he had to start life from the scratch all over again. Nonetheless, he had the ambition and the talent to try any initiative presumed to be difficult for newcomers to crack. Due to his rich experience in business, formulating a sound business plan for self-employment was not so difficult for Ashenafi. His main barrier, as it is in the case with other newcomers, was getting the financial support from banks to start his business. It was difficult due to the absence of an established credit history and collateral to support his loan application.

Two years after his arrival in the US, he obtained his business license to establish a company that specializes in wrought iron fences, stairs, furniture, and other residential/commercial iron works, and he made his way to EDG seeking financial support. In July 2014, he received a \$15,000 loan from EDG, which helped him secure many contracts with commercial and residential clients. The first loan of \$15,000 is remembered by Ashenafi as ölife changing supportö that made all the difference in his business endeavor. Since then, he has successfully grown his business, greatly increased his income, hired several staff, and contributed a substantial amount in taxes to the United Statesø economy. As he kept expanding his business, EDG has offered both technical assistance and an additional loan for his business to thrive. In support of his business expansion to non-emergency medical transportation, EDG approved an additional loan of \$31,270 in 2018.

*Everybody deserves the opportunity to start and own a successful small business, yet too many Americans are unable to transform their dreams into reality. **EDG aims to assist entrepreneurs in achieving and realizing America’s promise of opportunity**, by providing them with the necessary access to financing that is often required to start or optimize their own small business.*

ECDC Enterprise Development Group

Statement of Financial Position
As of September 30, 2018 and 2017

FINANCIALS

Assets		
Current assets:	2018	2017
Cash and cash equivalents	2,604,844.00	2,107,001.00
Grants receivable	229,944.00	340,034.00
Microloan notes receivable, net of allowance for loan losses - current maturities	1,763,375.00	1,246,448.00
Accrued interest receivable, net of allowance for interest losses	35,826.00	8,668.00
Other receivable	1,037.00	1,112.00
Total current assets	4,635,026.00	3,703,263.00
Microloan notes receivable, net of allowance for loan losses - net of current maturities	3,133,008.00	2,717,546.00
Property and Equipment, net of accumulated depreciation	0.00	249.00
Other assets:	2018	2017
Cash restricted in microloan revolving fund accounts - SBA	1,421,822.00	1,591,972.00
Cash restricted in microloan revolving fund accounts - Other	3,573,421.00	3,153,958.00
Cash restricted in loan loss reserve fund accounts	327,434.00	252,731.00
Cash designated for loan loss reserves	426,501.00	515,362.00
Cash restricted in individual development accounts	11,398.00	12,439.00
Total other assets	5,760,576.00	5,526,462.00
Total assets	13,528,610.00	11,947,520.00
Liabilities and net assets		
Current liabilities:	2018	2017
Accounts payable	10,180.00	10,040.00
Accrued expenses	94,195.00	85,056.00
Deposits payable	17,695.00	15,645.00
Refundable advances	23,342.00	23,092.00
Deferred revenue	608,701.00	319,531.00
Individual development account deposits payable	11,398.00	12,439.00
Notes payable - current maturities	1,205,772.00	565,562.00
Equity equivalent securities - current maturities	320,000.00	-
Total current liabilities	2,291,283.00	1,031,365.00
Nonconcurrent liabilities:	2018	2017
Notes payable - net of current maturities	4,300,465.00	4,178,467.00
Equity equivalent securities	450,000.00	770,000.00
Total nonconcurrent liabilities	4,750,465.00	4,948,467.00
Total Liabilities	7,041,748.00	5,979,832.00
Net assets:	2018	2017
Unrestricted		
Undesignated	5,071,217.00	4,547,017.00
Board designated reserve fund	989,144.00	905,309.00
Designated for loan loss reserves	426,501.00	515,362.00
Total unrestricted	6,486,862.00	5,967,688.00
Temporarily restricted	-	-
Total net assets	6,486,862.00	5,967,688.00
Total liabilities and net assets	13,528,610.00	11,947,520.00

This financial report has been taken from EDG's Audited Financial Statements. A complete copy of the statements is available upon request.

OUR SPONSORS

- US Department of the Treasury (CDFI)
- Small Business Administration
- Arlington CDBG
- Fairfax CDBG
- Maryland DHCD
- City of Falls Church
- Wells Fargo Foundation
- Intuit Foundation
- GoldSeker Foundation
- Capital One Foundation
- United Way
- E*TRADE
- HSBC Bank USA
- Virginia Community Action Partnership
- Administration for office and families - Office of refuge
resettlement
- Anonymous Foundation

Thank You



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