

**ECDC ENTERPRISE DEVELOPMENT GROUP
HELPING OTHERS HELP THEMSELVES**

**ANNUAL
IMPACT
REPORT** **2019**



TABLE OF CONTENTS

3 | **MESSAGE FROM THE PRESIDENT**

4 | **IMPACT IN 2019**

6 | **PROMOTING ECONOMIC OPPORTUNITIES–SUCCESS STORIES**

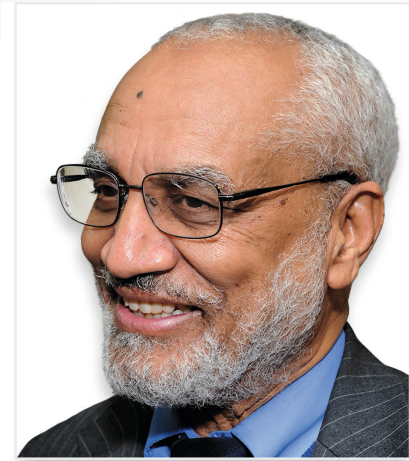
8 | **FINANCIAL STATEMENTS**

10 | **OUR SUPPORTERS**

11 | **EDG BOARD MEMBERS AND STAFF**

A Message from The President

I am pleased to present the ECDC Enterprise Development Group (EDG) FY 2019 Impact Report. At the beginning of FY 2019, EDG's management and Board approved its 5-year strategic plan (FY19–FY23) to bring about robust growth and scale in outreach, marketing, customer recruitment and reach. This followed developing an implementation plan that reflects yearly targets focused on the strategic plan's 5 priority goals and objectives.



This report covers what EDG accomplished and highlights success stories that reflect how EDG's small business loan program, serving low-to-moderate income entrepreneurs, affects real change and generates economic benefits. By the end of the first year of implementing our strategic plan, we had completed evaluation of our performance compared to the projected targets set for the year, using EDG's lending performance for FY 2018 as a benchmark. We also looked at the trend in our lending performance in comparison to the program's historical data.

While projected targets for the year were not fully achieved, the total balance of EDG's loan portfolio showed an increase and an outstanding balance of \$5,222,461. Moreover, if we consider the 18 truck loans, totaling \$585,000, and 6 other business loans totaling \$115,000 that were already approved but not disbursed, EDG's lending performance for the year gets closer to the target. We also received 24 loan applications requesting \$835,600 from clients who are at various stages of processing their loans. EDG, compared to similar micro lenders operating in the Metro D.C. area and based on SBA Lenders Ranking for FY 2019, is first in the total amount of capital loaned to small businesses.

We hope that this impact report will enhance greater understanding about the Enterprise Development Group's programs. As we look to FY 2020, I would like to emphasize that your support means so much to so many.

Thank you for your continued support.

Tsehay Teferra
President and CEO

EDG Program Snapshots

Loan Portfolio

The number of loans made during FY 2019 was 136. The total amount of capital loaned was \$3,100,124. The overall default rate FY 2019 was 4.64% as of September 30, 2019.

Tax Program

For the 2019 tax season, EDG completed 198 returns through the IRS Volunteer Income Tax Assistance (VITA) program and 952 returns through Facilitated Self-Assistance at 9 sites (Arlington, South County, Silver Spring, and 6 Northern Virginia community college campuses). As part of the NOVA CASH coalition, staff also were able to help those preparing 5800 returns

The assistance we provided students produced \$178,784 in federal refunds and \$17,417 in state refunds for them. Flexible Spending Arrangement links were also shared on college financial stability blogs and e-mails. According to reports we received from Intuit and the IRS, 600 people were able to file their taxes through these links.

Financial Knowledge and Skills

During the year, we provided training to 36 individuals, that included Group, One-on-One Coaching and Counseling and Pre-and Post-loan Technical and Financial Assistance training. The training is conducted twice a month with the first session conducted in English and the second session in Amharic. The major focus of this training is 75+ business ideas and capital and legal requirements for each business idea.



Participants attending entrepreneurship training—a 4-hour course targeting those interested in starting their own business but just exploring business ideas.

Analysis of Annual Lending Performance

Based on evaluation and analysis of our lending performance for FY 2019, we learned about our customer sourcing strategy and the overall lending process at each stage of EDG's operations.

In terms of customer sourcing, we have known for long that walk-in customers comprise the majority of our customers and word-of-mouth has been the key in customer recruitment. We also had repeat customers who applied for a new loan after settlement of previous loans. We also received a number of referrals from SBA and Bank of America. Our marketing and lending officers distributed flyers at area business centers, explained our products and services to potential customers, and took part in events and forums to promote EDG's program and services.

Customer referrals increased our loan portfolio diversification and growth. At our Baltimore, MD, office, we processed 15 loan applications 5 business loans totaling \$99,062 were approved and disbursed, and 6 loans totaling \$115,000 were approved but not disbursed during the year. We also received 38 referrals at our Arlington, Va., office. Most were startups, and clients had to fix their credit scores and participate in technical assistance programs. However, low or no collateral remains the major impediment for processing most loan applications.

Residential or Business Real Estate, Net Equity

We have accepted a few customers by registering a lien position on homes with a mortgage houses. However, we do not expect an increased number of customers to come with home equity, because it is clear that they already have access to bank loans and could also get financing from other sources even at lower interest rates. In addition, some customers have indicated they do not offer home equity as collateral, because their spouses are unwilling to give their consent.

Paid-off vehicles:Trade-in Value

We have had some customers who offered paid-off vehicles, and it has been helpful to process their loan requests. We also expect to get more customers to offer such collateral. However, the trade-in value of such a collateral is usually low, and it has been difficult to approve the loan amounts requested and expected by our customers.

Equipment with Remaining Useful Life > 5 Years

Customers are always willing to offer such collateral, but the book value is usually low and insufficient to cover the risk.

Life Insurance Surrender Value

We have not come across customers who could offer such a collateral for their loan applications.

Impact:Promoting Economic Opportunities

A Refugee Helping the Community:One 'Mask' at a Time



EDG launched its Refugee Women Business Support loan program, which targets refugee/asylee women who have difficulty getting loans from the traditional banking system and are dependent on their husbands, because they are raising their children and have to stay home. Our first client benefiting from this program is Marzia Rahimi, an asylee from Afghanistan.

Though she and her husband were tailors, they were not able to find work here since they came very recently. However, in the week the DMV, which stands for the District of Columbia, Maryland, and Virginia area, made a stay-at-

home announcement, EDG made a \$3,000 loan to her. With the advice and mentoring from Loan Officer Hossein Mahrammi, they immediately embarked on making face masks. Mr. Mahrammi also assisted Ms. Rahimi in buying a sewing machine and supplies. Now, she earns over \$100 a day by making masks and gets orders from neighbors, the refugee community, and beyond. By doing so, she is not only supporting her family, creating a job opportunity for her husband as well but also helping the community in combating the epidemic. EDG is also promoting her business both to increase her market as well as to help her secure more financial support by creating a GoFundMe account on her behalf.

Believe in yourself! If the vision is there, you have to chase it. Forget the statistics and go for it.



Bianca Thompson, owner of Wise Chose Home Care LLC, doing business as Home Helpers Home Care, spoke in great detail about her startup, maintenance, and the future goals of her company during the midst of COVID-19. The company provides non-medical in-home healthcare services. The mission is to be the most trusted and respected provider of comprehensive home care services and support for individuals who choose to remain independent wherever they call home. Ms. Thompson believes that her company is doing good work, because many people need this type of service. Specifically, during COVID-19 because of the vulnerabilities, people are being exposed while living in a facility. She stated that most 65 and older clients' would rather age at home than in a facility. The company provides that support and safety of high quality of care needed if people choose to stay home.

When Bianca started her business, she knew from her research that she would need capital for her start-up for payroll and recruitment. Therefore, she reached out to a close friend who directed her to the Enterprise Development Group.

At the time, she had been a paramedic for 10 years and was transitioning out as a Lieutenant with the Fire Department. She recalled seeing seniors in need of medical services, lonely, and living alone. She wanted to continue serving her community and hired others to assist with the work. In April 2019, she used her own capital along with a \$10,000 loan from EDG for payroll so that she could build up her clientele, pay employee salaries, taxes, and still generate enough revenue for marketing to continue growth. The company grew rapidly. By November 2019, she requested another loan for \$15,000 to support the additional people she needed to hire. She stated, "my business is headed to become a very big organization and one of the most trusted providers for home healthcare Maryland". When asked about the challenges she faced, she responded with: scaling by the growth and needing to hire administrative staff for the daily operations to create a more cohesive work environment.

Asked if she was able to achieve her goals she responded with "yes! I exceeded my goals. My business will be 1 year in operation on August 30, 2020. I now have: 11 Clients, 1 potential client who will have (24/7 care), 16 employees and secured office space in downtown Baltimore. I have learned from the Enterprise Development Group: There are people who are willing to invest in you as long as you are confident in yourself and can present a good business plan. People are willing to support you. My advice to those who are interested in starting a business is: Believe in yourself! If the vision is there, you have to chase it. Forget the statistics and go for it."

LEVERAGING RESOURCES

(REVENUE AND EXPENSES)

ECDC ENTERPRISE DEVELOPMENT GROUP

STATEMENT OF FINANCIAL POSITION AS OF SEPTEMBER 30, 2019 AND 2018

ASSETS	2019	2018
CURRENT ASSETS		
CASH AND CASH EQUIVALENTS	\$ 2,382,711	\$ 2,604,844
	\$ 232,429	\$ 229,944
MICROLOAN NOTES RECEIVABLE, NET OF ALLOWANCE FOR		
LOAN LOSSES—CURRENT MATURITIES	\$ 1,855,577	\$ 1,763,375
ACCRUED INTEREST RECEIVABLE, NET OF ALLOWANCE FOR LOSSES	\$ 37,143	\$ 35,826
DUE FROM RELATED PARTIES	\$ 500,000	-
OTHER RECEIVABLE	\$ 298	\$ 1,037
TOTAL CURRENT ASSETS	\$ 5,008,158	\$ 4,635,026
MICROLOAN NOTES RECEIVABLE, NET OF ALLOWANCE FOR LOAN LOSSES—NET OF CURRENT MATURITIES	\$ 3,298,633	\$ 3,133,008
PROPERTY AND EQUIPMENT, NET OF ACCUMULATED DEPRECIATION		
OTHER ASSETS		
CASH RESTRICTED IN MICROLOAN REVOLVING FUND ACCOUNTS SBA	\$ 1,781,471	\$ 1,421,822
CASH RESTRICTED IN MICROLOAN REVOLVING FUND ACCOUNTS-OTHER	\$ 2,419,815	\$ 3,573,421
CASH RESTRICTED IN LOAN LOSS RESERVE FUND ACCOUNTS	\$ 379,478	\$ 327,434
CASH DESIGNATED FOR LOAN LOSS RESERVES	\$ 323,714	\$ 426,501
CASH RESTRICTED IN INDIVIDUAL DEVELOPMENT ACCOUNTS	\$ 6,255	\$ 11,398
TOTAL OTHER ASSETS	\$ 4,910,733	\$ 5,760,576
TOTAL ASSETS	\$ 13,217,524	\$ 13,528,610

LIABILITIES AND NET ASSETS

LIABILITIES

CURRENT LIABILITIES DUE TO RELATED PARTIES	\$ 83,708	\$-
DUE TO MICROLOAN BORROWERS	\$ 3,768	-
ACCOUNTS PAYABLE	\$ 16,961	\$ 10,180
ACCRUED EXPENSES	\$ 67,748	\$ 94,195
DEPOSITS PAYABLE	\$ 17,445	\$ 17,695
REFUNDABLE ADVANCES	-	\$ 23,342
DEFERRED REVENUE	\$ 670,628	\$ 608,701
INDIVIDUAL DEVELOPMENT ACCOUNT DEPOSITS PAYABLE	\$ 6,255	\$ 11,398
NOTES PAYABLE - CURRENT MATURITIES	\$ 644,874	\$ 1,205,772
EQUITY EQUIVALENT SECURITIES -CURRENT MATURITIES	-	\$ 320,000
	-	-
TOTAL CURRENT LIABILITIES	\$ 1,511,387	\$ 2,291,283
NONCURRENT LIABILITIES		
NOTES PAYABLE - NET OF CURRENT MATURITIES	\$ 4,114,016	\$ 4,300,465
EQUITY EQUIVALENT SECURITIES	\$ 450,000	\$ 450,000
TOTAL NONCURRENT LIABILITIES	\$ 4,564,016	\$ 4,750,465
TOTAL LIABILITIES	\$ 6,075,403	\$ 7,041,748
NET ASSETS UNRESTRICTED		
UNDESIGNATED	\$ 5,675,982	\$ 5,071,217
BOARD DESIGNATED RESERVE FUND	\$ 1,086,661	\$ 989,144
DESIGNATED FOR LOAN LOSS RESERVES	\$ 379,478	\$ 426,501
TOTAL UNRESTRICTED	\$ 7,142,121	\$ 6,486,862
TEMPORARILY RESTRICTED	-	-
TOTAL NET ASSETS	\$ 7,142,121	\$ 6,486,862
TOTAL LIABILITIES AND NET ASSETS	\$ 13,217,524	\$ 13,528,610

THANK YOU TO OUR 2019 SUPPORTERS



Intuit Financial Freedom Foundation



CHESAPEAKE BUSINESS FINANCE CORP



FRADIAN FOUNDATION



Administration for Children & Families
Office of Refugee Resettlement



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