

Summary of Performance and Financial Information



U.S. Small Business Administration

Fiscal Year 2014

Today's SBA: Smart, Bold, Accessible

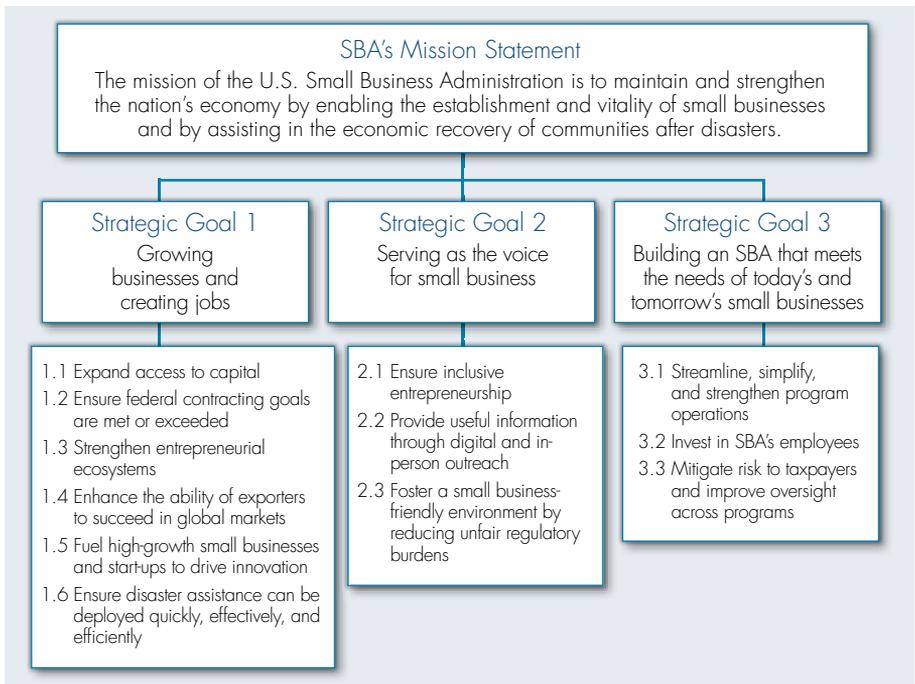


OVERVIEW

The U.S. Small Business Administration is a vital resource for small businesses and an important driver of America's economic growth. The SBA facilitates access to capital, counseling, contracting opportunities, and disaster assistance to promote, support, and grow the nation's 28 million small businesses, which create two out of three net new private sector jobs.

In FY 2014, the SBA rebranded its offerings as part of an Agency-wide outreach campaign that is "Smart, Bold, and Accessible." The Agency supported nearly \$29 billion in lending through the 7(a) and 504 loan programs. These loans supported nearly 600,000 jobs across the country. Investment funds licensed as SBICs provided nearly \$5.5 billion in capital to small businesses. The SBA licensed 30 new SBIC funds, and licensing times averaged 7.4 months. This helped the SBIC program execute more than \$2.5 billion in new commitments – an Agency record. In FY 2013, for the first time in eight years, the federal government surpassed its statutory prime contracting goal, and the SBA met its priority goal by awarding more than 23 percent of federal prime contracts to small businesses. The federal government also exceeded its small business contracting goals for businesses owned by service-disabled veterans (3.4 percent) and businesses considered socially or economically disadvantaged (8.6 percent). The SBA provides mentoring, business advice, and training assistance to more than 1.2 million entrepreneurs and small businesses each year. These efforts help entrepreneurs create viable business plans; acquire capital; start businesses; and gain access to federal, corporate, and international supply chains. The SBA trained more than 15,000 transitioning service members at 165 military installations nationwide through the Boots to Business program and approved more than 6,000 disaster loans totaling \$332 million and worked 192 active declarations across the country. For more detailed information, see the FY 2014 Agency Financial Report (AFR) and the FY 2016 Congressional Budget Justification and FY 2014 Annual Performance Report (CBJ/APR) at www.sba.gov/performance.

SBA's headquarters is located in Washington, D.C. and its business products and services are delivered with the help of field personnel and a vast network of private sector and nonprofit partners in each U.S. state and territory. On March 7, 2014, the SBA published its *FY 2014-2018 Strategic Plan*, highlights of which are presented below.



SBA BY THE NUMBERS

(Dollars in Millions)

		FY 2011	FY 2012	FY 2013	FY 2014
Total Portfolio ⁽¹⁾	Outstanding Principal Balance	\$ 99,704	\$ 104,443	\$ 109,758	\$ 114,450
Capital ⁽²⁾					
7(a) Loans	Dollars of Gross Loans Approved	\$ 19,638	\$ 15,153	\$ 17,868	\$ 19,191
504 Loans	Dollars of Gross Loans Approved	\$ 4,845	\$ 6,712	\$ 5,227	\$ 4,199
Microloans	Dollars of Gross Loans Approved to Microborrowers	\$ 47	\$ 46	\$ 55	\$ 55
Surety Bond	Dollars of Bid and Final Bonds Guaranteed	\$ 3,660	\$ 3,920	\$ 6,150	\$ 6,413
Contracting ⁽³⁾					
Prime Contracting	Dollars of Contracts Awarded to Small Businesses	\$ 91,468	\$ 89,923	\$ 83,143	N/A
HUBZone Small Businesses	Dollars of Contracts Awarded to HUBZone Small Businesses	\$ 9,915	\$ 8,140	\$ 6,245	N/A
Small Disadvantaged Businesses	Dollars of Contracts Awarded to Disadvantaged Small Businesses	\$ 32,412	\$ 32,334	\$ 30,616	N/A
Women-Owned Small Businesses	Dollars of Contracts Awarded to Women-Owned Small Businesses	\$ 16,807	\$ 16,180	\$ 15,365	N/A
Service-Disabled Veteran-Owned Small Businesses	Dollars of Contracts Awarded to Service-Disabled Veteran-Owned Small Businesses	\$ 11,206	\$ 12,256	\$ 12,023	N/A
Advising, Mentoring, and Training ⁽⁴⁾					
SBDCs	Number of Clients Advised and Trained	557,698	543,512	532,377	485,487
WBCs	Number of Clients Advised and Trained	138,923	136,951	133,765	140,037
SCORE	Number of Clients Mentored and Trained	356,837	458,773	345,902	442,374
SBA Learning Ctr.	Number of Clients Trained Online	234,000	220,596	150,355	182,002
VBOCs	Number of Clients Advised and Trained	63,908	88,614	73,062	75,393
Exporting					
Export Loans	Dollars of Gross Loans Approved	\$ 925	\$ 926	\$ 1,191	\$ 1,341
High-growth Small Businesses					
SBIC	Dollars of SBA Debenture Leverage Committed to SBICs	\$ 1,827	\$ 1,924	\$ 2,156	\$ 2,549
	Dollars of SBIC Debenture Capital to Small Businesses	\$ 2,589	\$ 2,950	\$ 3,256	\$ 5,465
Disaster					
Disaster Assistance ⁽²⁾⁽⁵⁾	Dollars of Gross Loans Approved	\$ 739	\$ 690	\$ 2,797	\$ 332

(1) The total portfolio consists of guaranteed business loans outstanding, direct business loans, and direct disaster loans. The data include all performing loans and defaulted loans that have not been charged off. In previous Agency Financial Reports, the SBA has not included ARC 506, Dealer Floor Plan, 504 First Lien, and 504 Refi in the portfolio total. The SBA has updated the data for FY 2011-2013 to include these programs in the totals.

(2) The SBA tracks loan data in three ways: Gross Loans Approved (the total loans approved); Net Loans Approved (gross loans approved plus any loan increases minus any cancellations); and Disbursed Loans (the amount that is actually given to the borrower). Gross Loans Approved is presented in the Capital and Disaster Assistance sections because it is the only loan data that remain constant over time.

(3) FY 2014 contracting numbers will continue to be collected and certified through the third quarter of FY 2015. Therefore, FY 2013 numbers are reported per OMB Circular A-11.

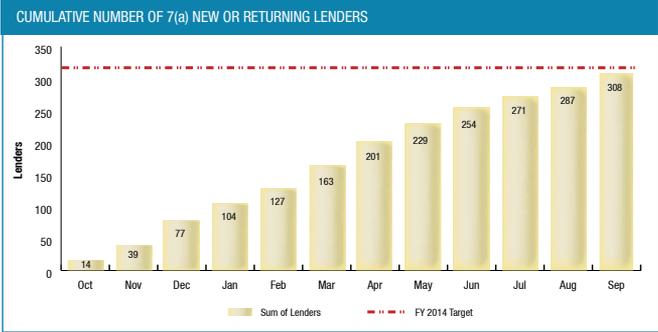
(4) Counseling is now referred to as "advising" and "mentoring." The way these numbers are calculated has not changed. Final FY 2014 data was pulled on November 19, 2014. This data may differ from that reported in the FY 2014 Agency Financial Report as the 45 days resource partners may input data after the close of the fiscal year was not complete by the time of publication.

(5) The significant increase in FY 2013 disaster loan approvals is attributable to Hurricane Sandy.

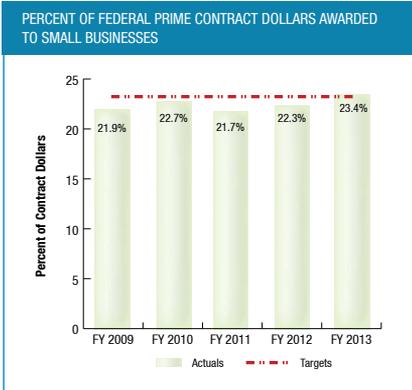
KEY ACCOMPLISHMENTS

Strategic Objective 1.1:

Expand access to capital by adding 325 new and returning lenders to SBA's flagship 7(a) loan program each year in FY 2014-2015. The number of new and returning lenders recruited slowed in the fourth quarter. However, the lending community has been responsive to SBA's strategy of fee relief

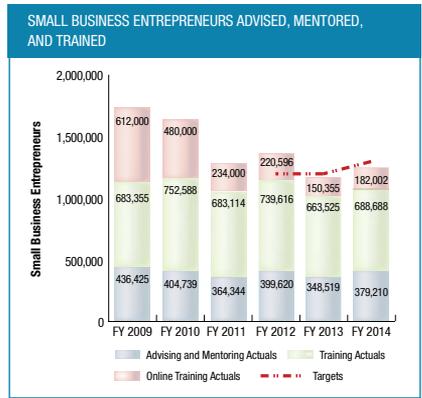


for lower-dollar loans and loan program improvements. In FY 2014, the SBA increased small business access to capital by adding 308 new and returning lenders to the 7(a) loan program.



Strategic Objective 1.2: *Maximize small business participation in federal government contracting to meet the statutory goals and reduce participation by ineligible firms. In FY 2013, the Agency surpassed its prime contracting goal (23%) for the first time in eight years and two of its sub-goals due to increased collaboration with other federal agencies. The FY 2014 contracting numbers will continue to be collected and certified through the third quarter of FY 2015.*

Strategic Objective 1.3: *Strengthen entrepreneurial ecosystems through a variety of strategic partnerships to provide tailored training, mentoring, and advising services that support entrepreneurs during every phase of their business growth. In FY 2014, the SBA accomplished 96 percent of its performance target for advising, mentoring, and training assistance. While the SCORE and Women's Business Center programs experienced a 28 and 5 percent increase, respectively, in the number of clients served from FY 2013 to FY 2014, the Small*

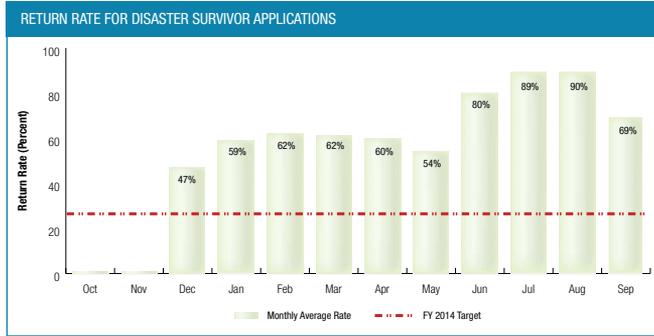
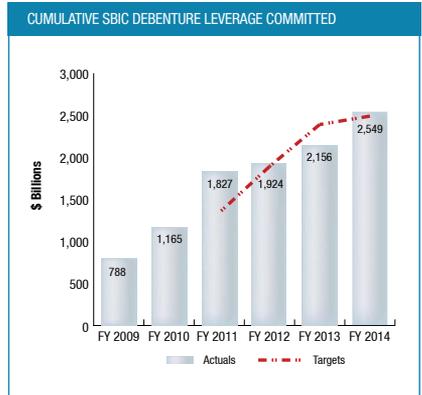


Business Development Center program had a 9 percent decrease in the number of clients advised and trained due partly to sequestration.

Strategic Objective 1.4: *Expand small business access to export financing by increasing the number of lenders providing export*

financing solutions to 555 and the number of small business exporters receiving financing through SBA loan programs to 1,480 by FY 2015. Increasing access to export financing, combined with trade counseling and training, contributes to the enhanced ability of small business exporters to succeed in the global marketplace. In FY 2014, the SBA provided 513 lenders and 1,392 small businesses with export counseling.

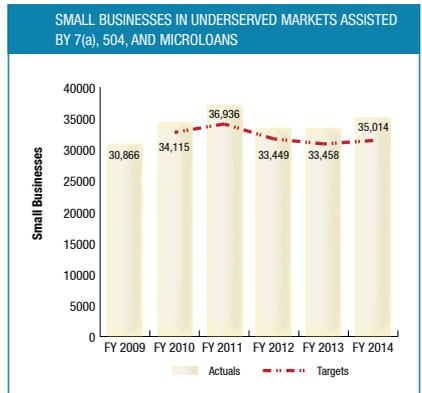
Strategic Objective 1.5: Issue \$2.5 billion in debenture leverage to small business investment companies (SBICs) in FY 2014. SBICs were able to raise the private capital required to receive federal leverage at an earlier than expected rate. This led to a two percent increase over the expected \$2.5 billion target. At the same time debenture leverage increased, the SBA issued 30 new licenses to SBICs.



Strategic Objective 1.6: By September 30, 2015, increase the return rate for disaster survivor applications by 10 percentage points (24 percent to 34 percent return rate). SBA’s new process for issuing applications in Stafford Act declarations has helped increase the application return rate and improved customer

service by adding multiple points for disaster survivors to apply for an SBA loan. The Agency implemented two new changes (increased collateral requirement and modified loan approval process using credit scores) to improve the speed of disaster loan processing. The SBA exceeded its performance target of 34 percent.

Strategic Objective 2.1: Ensure inclusive entrepreneurship by expanding access and opportunity to small businesses and entrepreneurs in communities where market gaps remain. For capital assistance programs, including 7(a), 504, and Microloans, the SBA assisted 35,014 underserved small businesses – exceeding the FY 2013 result by nearly 5 percent. The elimination of the fees on small dollar loans (\$150,000 or less) contributed to the increase in the number of small businesses assisted. Also, the streamlined application process that uses credit scores instead of a personal cash flow history analysis made the loan application process more efficient.



SUMMARY OF MANAGEMENT CHALLENGES

The SBA Inspector General submitted its Report No. 15-01 entitled: “Report on the Most Serious Management and Performance Challenges Facing the Small Business Administration in Fiscal Year 2015,” October 17, 2014. The report represents the OIG’s current assessment of Agency programs or activities posing as significant risks, including those that are particularly vulnerable to fraud, waste, error, mismanagement, or inefficiencies. A summary of the contents of the report follows:

Within each Management Challenge, there are a series of “recommended actions” to resolve the Challenge. Each recommended action is assigned a color “status” score — green for “implemented,” yellow for “substantial progress,” orange for “limited progress,” and red for “no progress.” An arrow in the color box indicates that the color score went up or down from the prior year.

Challenge	Status at End of FY 2014				Change from Prior Year	
	GREEN	YELLOW	ORANGE	RED	UP	DOWN
1 Small Business Contracting	1	1			1	
2 IT Security		3	2		1	1
3 Human Capital		3				
4 Loan Guaranty Purchase	1				1	
5 Lender Oversight		2			2	
6 8(a) Business Development Program			2	1		1
7 Loan Agent Fraud		1	2			
8 Loan Management and Accounting System		4			3	
9 Improper Payments – 7(a) Program	2	4			1	
10 Improper Payments – Disaster Loan Program	1				1	
11 Acquisition Management			5			
TOTAL	5	18	11	1	10	2

To read the full report, go to: www.sba.gov/oig/report-most-serious-management-and-performance-challenges-facing-small-business-administration

SMALL BUSINESS PERSONS OF THE YEAR



Born with an entrepreneurial spirit, William (Billy) Taylor, CEO of Pacifica in Portland, Oregon, got his start working for his grandparents on one of the first commercial marionberry farms in the world. Brook Ann Harvey-Taylor, President of Pacifica, became fascinated with the magical world of scents when, as a teen, she picked up a copy of author Tom Robbins’ novel *Jitterbug Perfume*.

The duo joined forces, borrowed a little money from family, and started making candles in 1997. By 2008, Pacifica had reached \$12 million in sales, but a change in distribution channels brought about a downturn that forced them to seek financing to reposition the brand and keep ownership of the firm. Through a \$150,000 express line of credit and a \$1.18 million SBA 7(a) loan, followed by a \$500,000 SBA CAPLine, Billy and Brook secured the money they needed without compromising their ownership or vision. A bold change in the line of products from home fragrances to beauty and perfume products has Pacifica on a growth path to more than double revenue over a five-year span.

FINANCIAL HIGHLIGHTS

(Dollars in Thousands)

	FY 2013	FY 2014	% Change
Loan Portfolio⁽¹⁾	\$ 109,757,990	\$ 114,450,173	7%
Total Assets	\$ 13,846,170	\$ 13,184,251	-5%
Total Liabilities	\$ 12,462,316	\$ 11,695,803	-6%
Total Net Position	\$ 1,383,854	\$ 1,488,448	7%
Total Net Cost of Operations	\$ 524,086	\$ (466,394)	-189%
Total Budgetary Resources	\$ 14,059,594	\$ 10,826,659	-25%

⁽¹⁾ The total portfolio consists of guaranteed business loans outstanding, direct business loans, and direct disaster loans. The data include all performing loans and defaulted loans that have not been charged off.

BUDGETARY HIGHLIGHTS

(Dollars in Thousands)

	FY 2013	FY 2014	% Change
Capital Programs	\$ 144,363	\$ 178,921	24%
Contracting Programs	\$ 93,598	\$ 96,176	3%
Entrepreneurship Programs	\$ 155,046	\$ 171,169	10%
Export Programs	\$ 11,224	\$ 20,048	79%
Investment Programs	\$ 22,227	\$ 24,786	12%
Disaster Assistance Program	\$ 337,144	\$ 246,358	-27%
Veterans Programs	\$ 9,101	\$ 19,439	114%
Executive Direction	\$ 2,269	\$ 3,309	46%
Regional and District Office Programs	\$ 45,789	\$ 48,167	5%
Inspector General and Advocacy	\$ 33,948	\$ 37,423	10%

STAFFING SNAPSHOT ⁽²⁾

	FY 2013	FY 2014	% Change
Regular Employees	2,148	2,137	-1%
Disaster Employees	1,628	991	-39%
Total Employees	3,776	3,128	-17%

⁽²⁾ Excludes the Office of Advocacy and the Office of the Inspector General.

SBA'S OUTSTANDING LOAN PORTFOLIO



USEFUL SITES AND NUMBERS

The SBA home page is www.sba.gov. Information on SBA programs may be accessed from this site. Several of the more frequently visited sites are listed here:

SBA INFORMATION	
About SBA	www.sba.gov/about-sba
SBA Performance, Budget & Planning	www.sba.gov/performance
SBA Strategic Plan	www.sba.gov/AgencyStrategicPlan
Business USA	http://business.usa.gov/

STARTING and MANAGING A BUSINESS	
What is a Small Business?	www.sba.gov/content/am-i-small-business-concern
Thinking about starting a business?	www.sba.gov/thinking-about-starting
Local Assistance	www.sba.gov/local-assistance
Lender Resources	www.sba.gov/lender_resources
Financing Growth	www.sba.gov/content/financing-growth
Explore Exporting	www.sba.gov/exporting
Health Care	www.sba.gov/healthcare

LOANS, GRANTS and FUNDING	
Small Business Loans	www.sba.gov/financialassistance
Surety Bonds	www.sba.gov/content/surety-bonds-explained
Venture Capital	www.sba.gov/content/venture-capital#
Grants	www.sba.gov/content/facts-about-government-grants

CONTRACTING	
Government Contracting	www.sba.gov/contracting
Contracting Opportunities	www.sba.gov/contracting-opportunities
Register as a Contractor	www.sam.gov
Size Standards	www.sba.gov/size

ADVISING, MENTORING and TRAINING	
SBA Learning Center	www.sba.gov/training
Small Business Development Centers	www.sba.gov/sbdc
Women's Business Centers	www.sba.gov/content/womens-business-centers
SCORE	www.sba.gov/score
Veterans Outreach	www.sba.gov/content/veterans-business-outreach-centers

DISASTER ASSISTANCE	
Disaster Assistance	www.sba.gov/disaster
Disaster Area Office Locations	www.sba.gov/about-offices-list/4
Response Office Locations for a Declared Disaster	Go to www.sba.gov/content/current-disaster-declarations and then select the disaster/affected area in question
FEMA Information	www.fema.gov

ADDITIONAL RESOURCES	
Office of Advocacy	www.sba.gov/advocacy
Office of the National Ombudsman	www.sba.gov/ombudsman
Office of the Inspector General	www.sba.gov/oig

SBA National Answer Desk (800) 827-5722

Disaster Customer Service Center (800) 659-2955