

# Summary of Performance and Financial Information

## Fiscal Year 2010

Capital



Contracting



Counseling



Disaster



## FOREWORD

The Government Performance and Results Act, enacted in 1993, requires federal agencies to establish standards for measuring their performance and effectiveness. The law requires agencies to develop annual performance plans that contain quantifiable measures of what they intend to accomplish, and issue performance reports describing their success in meeting those standards and measures. Since March 2000, performance reports are to be released annually by all CFO agencies.

Since FY 2007, the Small Business Administration has chosen to participate in an alternative approach to the Office of Management and Budget's consolidated Performance and Accountability Report. This report, the Summary of Performance and Financial Information, is one of three reports required under the alternative program.

The Association of Government Accountants has awarded the  
SMALL BUSINESS ADMINISTRATION

### THE CERTIFICATE OF EXCELLENCE IN ACCOUNTABILITY REPORTING

*In recognition of SBA's outstanding efforts in preparing its*

### PERFORMANCE AND ACCOUNTABILITY REPORT

for the fiscal years ended September 30, 2006, 2007, 2008 and 2009



2006



2007



2008



2009

Information about SBA's programs is available at: [www.sba.gov](http://www.sba.gov)

SBA's plans and reports are available at: <http://www.sba.gov/performance>  
Recovery Act - <http://www.sba.gov/recovery/>

Supplemental information may be found in the CD that comes with this report.

Requests for printed copies, or questions and comments regarding the content, presentation and usefulness of this report are welcome and may be addressed to: [performancereports@SBA.gov](mailto:performancereports@SBA.gov)

Or, you may write to:  
U.S. Small Business Administration  
Office of Performance Management and the Chief Financial Officer  
409 Third Street, S.W., Suite 6000  
Washington, DC 20416

Or, you may call:  
Timothy Gribben  
Director, Office of Performance Management  
(202) 205-6449



# TABLE OF CONTENTS

<b>Message from the Administrator</b> . . . . .	1
<b>Executive Summary</b> . . . . .	4
<b>SBA by the Numbers</b> . . . . .	6
<b>SBA's History and Organization</b> . . . . .	7
Organization by Strategic Goals and Objectives . . . . .	7
SBA's Organization Chart . . . . .	10
<b>Summary of Performance Information</b> . . . . .	11
How the SBA Assesses Performance . . . . .	11
Strategic Goal Structure . . . . .	12
High Priority Performance Goals . . . . .	13
Performance Data Validation, Verification and Certification . . . . .	13
Summary Performance Information on Key SBA Offices/Programs . . . . .	13
<b>FY 2010 Budgetary Resources by Strategic Goal/Type of Assistance/Program</b> . . . . .	17
<b>Analysis and Highlights of Financial Results</b> . . . . .	18
Highlights of Financial Results . . . . .	18
Analysis of Financial Results . . . . .	19
Operational Portfolio Analysis . . . . .	22
<b>Summary of Inspector General Reports</b> . . . . .	26
OIG Audit Follow-up . . . . .	26
Summary of Management and Performance Challenges . . . . .	27
<b>Contact SBA: Useful Sites and Numbers</b> . . . . .	28
<b>Attached CD - Supplementary Information</b>	
SI 1 – FY 2010 Agency Financial Report	
SI 2 – FY 2012 Congressional Budget Justification and FY 2010 Annual Performance Report	
SI 3 – Strategic Plan FY 2011-2016	

## SBA's Mission

*The mission of the U.S. Small Business Administration is to maintain and strengthen the nation's economy by enabling the establishment and vitality of small businesses and by assisting in the economic recovery of communities after disasters.*

### Success Story



#### **Using Cutting Edge Technology to Prepare for Emergencies** Engineering & Computer Simulations, Inc., Orlando, Florida

Waymon Armstrong is the owner of Engineering & Computer Simulations, Inc. a small business that uses computer simulations to help government and private sector clients prepare for and respond to natural disasters, medical emergencies and combat. This year he was honored by the SBA as the 2010 National Small Business Person of the Year. SBA Administrator Karen Mills made the announcement during the annual celebration of National Small Business Week.

“Waymon Armstrong is a perfect example of the innovation, inspiration and determination that exemplify America’s most successful entrepreneurs,” said Mills. He believed in his brainchild to the point where he deferred his own salary for three

years to keep it afloat. When layoffs loomed for his staff after 9/11, their loyalty and belief in the company was so great that they were willing to work without pay for four months.

“Waymon’s commitment to his employees and to his business demonstrates the qualities that make small businesses such a powerful force for job creation in the American economy and in their local communities,” said Mills. “These are the same qualities that will lead us to economic recovery.” The SBA is especially proud that his company benefited from two grants under SBA’s Small Business Innovation and Research Program.

Started in 1997, Engineering & Computer Simulations is today one of Inc. Magazine’s 500 fastest growing private companies in America. The ECS engineering team brings together an experienced group of professionals that value innovation and creativity while focusing on customers’ needs. The successful company doubled its revenues in 2008 and expanded its staff by 33 percent in 2009. It has seen a 640 percent sales growth over the past three years.

## Message from the Administrator

February 15, 2011



I am pleased to present the U.S. Small Business Administration's FY 2010 Summary of Performance and Financial Information report. This report summarizes the Agency's efforts to help Americans grow businesses and create jobs by providing resources and tools, including: access to capital; opportunities in federal contracting; access to entrepreneurial education; and disaster assistance for businesses, homeowners, and renters.

In FY 2010, the SBA continued to play a crucial role in providing America's entrepreneurs and small businesses with the tools they need to grow, create jobs, drive innovation and competitiveness, and lead our nation's economic recovery

In particular, the American Reinvestment and Recovery Act – and extensions of its successful temporary loan enhancements – continued to drive billions of dollars in SBA lending support to small businesses at a time when traditional markets remained extremely tight. Small businesses also won billions of dollars in Recovery Act contracts.

Also, at the end of FY 2010, the President signed the most significant piece of small business legislation in over a decade – the Small Business Jobs Act – which is now helping the SBA deliver even more opportunities in areas such as capital, contracting, counseling, and more.

Key SBA accomplishments in FY 2010 include:

**Continued increase in SBA lending** — Due to the fee reductions and higher guaranties first authorized by the Recovery Act, the Agency was able to support more than \$22.4 billion (54,833 loans) in lending through its top loan programs, compared to about \$17.9 billion (47,897 loans) in FY 2009. The average weekly loan volume for FY 2010 was \$333 million, which is 29 percent higher than that of FY 2009 (\$258 million)

**Increase in support to high-growth small businesses** — Due to an increase in the number and activity of licensees in the Agency's Small Business Investment Company program, total financings to small firms needing equity and mezzanine capital investments reached a 50-year record high of nearly \$1.6 billion, a 23 percent increase over the average of the previous four years. Notably, this program has no cost to taxpayers.

**Increase in small business contracting with federal agencies** — Through stronger efforts with federal agencies, the SBA helped more than 30 percent (nearly \$11 billion) of total Recovery Act contracting dollars go to small businesses, an increase from the 25 percent of Recovery Act contracting dollars that went to small businesses in FY 2009 alone. Also during FY 2010, the Agency reported an increase from FY 2008 (21.5 percent) to FY 2009 (21.9 percent) for all contracting opportunities.

**Continued focus on eliminating waste, fraud and abuse** — The Agency continued to strengthen its commitment to mitigating risk while eliminating waste, fraud and abuse. For example, Agency officials conducted over 1,200 site visits to firms participating in the HUBZone contracting program. Also, with extensive public participation, the Agency overhauled regulations for the 8(a) business development and contracting program, helping ensure that benefits are flowing appropriately to small firms when the final rule is published in 2011.

**Increase in entrepreneurial education resources** — The SBA continued to reach out directly to small business owners through its network of 69 district offices nationwide. In addition, SBA's grant-funded counseling partners (900 Small Business Development Centers, 110 Women's Business Centers, and 368 chapters of an

executive mentoring program called SCORE) experienced high demand for their free and low cost services from entrepreneurs and small business owners. Combined, they served over 1.1 million clients in FY 2010, including many who are adopting new strategies and/or reinventing their businesses in order to emerge from the recession in a more viable position. Also, these counselors helped small businesses access nearly \$4 billion in capital.

**Continued optimization of disaster assistance resources** — The Agency continued to process disaster loans about 10 times faster than during Hurricane Katrina, with 95 percent of loans receiving initial disbursement within 5 days of closing. This efficient and effective response was especially critical in approving and deferring loans in the wake of the BP Oil Spill, during which the SBA set up dozens of temporary loan processing centers along the Gulf Coast states.

Under our revised Strategic Plan for fiscal years 2011 through 2016, the Agency will continue to find new ways to achieve operational excellence while increasing accountability and transparency. In the near term, this will be particularly important in continued efforts to roll out provisions of the Small Business Jobs Act, including those that will help small businesses find more opportunities in, and access to, capital, contracting, counseling, and exporting.

Also in FY 2011, the Agency will continue to ensure that taxpayer dollars are used effectively to provide more tools and resources to entrepreneurs and small business owners, including:

- A new rule that will help deliver more federal contracts to women-owned small businesses in over 80 industries where they are underrepresented;
- Several rules implementing the Small Business Jobs Act that will address a range of issues including debt refinancing, contract bundling, multiple awards contracts, and small business set asides;
- A new Advantage loan platform that will help provide more access to capital in underserved communities, which have been disproportionately hit by the recession, and;
- Stronger overall efforts to increase both the number and reach of small business exporters in order to bolster U.S. competitiveness and job creation.

I am pleased to provide an assurance that SBA's financial and performance data in this report are reliable and complete. SBA's auditor issued an unqualified opinion on our FY 2010 financial statements.

As we move forward, the SBA will continue to promote the growth, innovation, and global competitiveness of America's small business community as it creates jobs and leads the country toward greater prosperity in the 21st century.

Sincerely,



Karen G. Mills  
Administrator

## Primer of SBA's Principal Programs

### Loans (<http://www.sba.gov/financialassistance>)

**7(a) Loan Guaranties** — The SBA offers government guaranties on loans made by commercial lenders to help expand access to capital for business owners who face challenges in getting approved for financing. The SBA guarantees a portion of 7(a) loans made and administered by commercial lending institutions. Loans can be guaranteed for a variety of general business purposes. The Recovery Act of 2009 temporarily reduced fees for lenders and borrowers receiving 7(a) loans while also increasing the guaranty up to 90 percent. These provisions were extended by the Small Business Jobs Act of 2010 along with a permanent increase in the maximum loan size amount from \$2 million to \$5 million.

**504 CDC Loan Guaranties** — These are long-term, fixed-rate loans for major assets such as real estate and heavy equipment. Loans are delivered by certified development companies (CDC) which are private, non-profit corporations. CDCs work with the SBA and private lenders to provide the financing. The SBA guarantees a portion of these loans. The Small Business Jobs Act of 2010 increased the maximum loan size to \$5 million (\$5.5 million for manufacturers).

**Microloans** — These loans are designed for small businesses needing small scale financing and technical assistance for start-up or expansion. They are delivered through intermediary lenders, which are nonprofit community-based organizations with experience in lending and technical assistance. The Small Business Jobs Act of 2010 increased the maximum loan size from \$35,000 to \$50,000.

### Management and Technical Assistance (<http://www.sba.gov/training>)

**Small Business Development Centers** — SBDCs deliver an array of services to small businesses and prospective business owners using an extensive network of 63 lead centers managing 900 service delivery points throughout the U.S. and the insular territories. SBDCs deliver professional counseling and training in key management areas to more than 600,000 clients annually.

**Women's Business Centers** — WBCs provide counseling and training through 110 educational centers across the nation. They provide services on a vast array of topics, from how to write a business plan to programs specifically for veterans. Many WBCs provide multilingual services, and a number offer flexible hours allowing for parents to attend training classes.

**SCORE** — SCORE is a non-profit association comprised of over 12,000 volunteer business counselors that serve entrepreneurs with in-person mentoring and local training workshops. As the largest volunteer business advisor network in the federal government, SCORE adapts its structure and services to meet the needs of the small business.

### Disaster Assistance (<http://www.sba.gov/disaster>)

The SBA is the federal government's primary source of financing for the long term repair and rebuilding of disaster damaged private property for homeowners, renters, businesses of all sizes and private nonprofit organizations affected by disasters. It is the only form of SBA assistance not limited to small businesses.

### Contracting Assistance (<http://www.sba.gov/contracting>)

**8(a) Business Development** (<http://www.sba.gov/content/8a-business-development>) — This program provides assistance to businesses owned and controlled by socially and economically disadvantaged individuals. 8(a)-certified firms are assisted, during a nine-year tenure, to gain access to the resources necessary to secure federal contracts, develop their businesses and improve their ability to compete.

**HUBZone** (<http://www.sba.gov/content/hubzone>) — This is the only federal program that provides a contracting vehicle for firms located in economically disadvantaged geographical areas. It provides sole-source and set-aside contracting opportunities and price evaluation preferences to firms that are HUBZone certified.

## Executive Summary

The Small Business Administration acts as a direct lender or guarantor of small business loans and provides management and technical assistance as well as contracting opportunities to small businesses. The SBA also provides disaster assistance to communities that have suffered through a catastrophe, with the intention of rebuilding the devastated economy and community simultaneously. During FY 2010, the SBA revised its Strategic Plan to reflect the focus and priorities of the new Administration. The strategic goals, which guided the Agency's actions are:

1. *Growing businesses and creating jobs*
2. *Building an SBA that meets the needs of today's and tomorrow's small businesses*
3. *Serving as the voice for small business*

In the past two years, the SBA has played a critical role in helping revive the nation's economy. With the Recovery Act passage in February 2009, the SBA embarked on a period of rapid expansion with lowered fees and higher guaranties on the major loan products. Recovery Act funding, originally intended to last until the end of FY 2010, ran out in November 2009. The SBA received temporary extensions of funding from Congress until passage of the Small Business Jobs Act in September 2010 made many of the provisions permanent. In FY 2010 the SBA improved the financial management practices and fine-tuned performance measures. Indeed, the Agency received an unqualified audit opinion with no material weaknesses in FY 2010. The government-wide response to the economic crisis, combined with the collaborative regular reporting required by the Recovery Act (and available at [Recovery.gov](http://Recovery.gov)), has helped push the SBA into a new era of intra- and inter-agency cooperation to help small businesses expand and prosper.

### Financial Results

The SBA is the smallest of the major federal credit agencies, behind the Department of Agriculture, the Department of Education, the Department of Housing and Urban Development, and the Department of Veteran Affairs. For FY 2010 SBA's total budgetary resources

were \$8.3 billion; non-budgetary loan financing was \$10 billion. SBA's guarantied portion of the outstanding loan principal balance rose 3.6 percent in FY 2010 to \$64.4 billion. The overall outstanding principal balance grew 3.2 percent in FY 2010 to a new high of \$93.3 billion. Growth in SBA's portion occurred primarily as a result of the popularity of the Recovery Act's higher guaranty limits as well as its extensions, with new guaranties up 23 percent compared to FY 2009. On the downside, SBA's portfolio of loans receivable continued to grow in FY 2010 due to increases in the purchases of guarantied business loans. This portfolio of purchased guaranties and defaulted loans remained at \$9.1 billion, though its composition changed as direct disaster loans shrank \$392 million while defaulted guarantied business loans grew \$337 million.

The financial management team has paid particular attention to improving the Agency's record on improper payments. The SBA Inspector General (IG) issued audit reports on the 7(a) Guaranty Purchase and Disaster improper payments in FY 2009. As a result of the IG's findings and recommendations, the SBA changed its improper payments sampling methodology in both programs. After an uptick in FY 2009, FY 2010 saw a decline in improper payment rates from 3.8 percent to 1.9 percent in the 7(a) guaranty program but an increase from 20.9 percent to 34.2 percent in Disaster improper payments. The latter generally results from loan documentation errors and indicates a need to adhere to the documentation requirements of SBA's Standard Operating Procedures, a need that will be addressed with additional training as well as a dedicated team to review and report on improper payments from the disaster processing center. Improper payments will receive additional emphasis for improvement when the Improper Payment Elimination and Recovery Act enacted in July 2010 is implemented in FY 2011.

### Program Results

The SBA continued its rebound in lending volumes to pre-crisis levels, averaging \$1.4 billion in monthly gross

loan approvals for 7(a) and 504 in FY 2010 as compared to the \$1.5 billion monthly average in FY 2008. The response of lenders to the Recovery Act provisions spurred a sizeable change in the number of active lenders for the 7(a) program, a High Priority Performance Goal for the Agency. In FY 2010, 3,061 lenders made a 7(a) or ARC loan compared to the 2,408 lenders active in FY 2008, an increase of 27 percent. This increased access to capital supported 556,045 jobs in FY 2010 and assisted 49,085 small businesses, providing them and the many people they affect with the necessary financial support to survive these tough economic times.

The SBA continued to advocate for small businesses pursuing government contracting opportunities. Congress has given the Agency the responsibility of overseeing the government-wide small business goal setting program, intending 23 percent of all contracts to go to small businesses.

SBA's resource partners – the small business development centers, women's business centers, and SCORE – provide counseling and expertise to over a million small businesses and entrepreneurs. These resource partners provide guidance in developing business plans, implementing new technologies, accessing capital, winning government contracts, developing marketing plans, and many other undertakings vital to the success of a small business throughout its life-cycle. The SBA provided \$134 million in FY 2010 in grant funding for these programs to provide necessary, targeted technical services to entrepreneurs throughout the nation. Additionally, over 530,000 users will access free online courses through SBA's Distance Learning Portal.

For FY 2010, the SBA approved \$574 million in disaster loans. The Office of Disaster Assistance's dedication to continual process improvement meant that 100 percent of home applications were processed within 14 days, 100 percent of loans were disbursed within 5 days of closing, and 99 percent of business applications were processed within 18 days.

## Management Results

The SBA continues to work with its program offices to provide the best possible measures of performance. In FY 2010, the SBA conducted a full review of the performance measures, consolidating several into more accurate counts (i.e. jobs supported replaced jobs created/retained) while helping several program offices develop new measures to follow the Recovery Act and Small Business Jobs Act new programs and provisions. In addition, staff conducted webinars and training sessions for recipients of Recovery Act funds to assist in the reporting requirements of Recovery.gov. Finally, the SBA consulted with the Office of Management and Budget to develop High Priority Performance Goals for the Agency. These goals helped organize the new strategic plan, future budget submissions, and fostered intra-agency cooperation for a common endeavor. Indeed, the renewed focus allowed the SBA to meet two of the four high priority performance goals ahead of schedule – increasing the number of active lenders to over 3,000 and decreasing processing times for disaster loans. The SBA management team has put in place a strong foundation for the Agency in the realm of performance management as the government continues to move toward a more collaborative approach, both intra- and inter-agency.

*Did  
you  
know*

**The SBA helps small businesses win federal government contracts.**

**In FY 2009 small businesses were awarded 96.8 billion dollars in federal prime contracts.**  
<http://www.sba.gov/goaling>

## SBA by the Numbers

(All Dollars in Millions)

		FY 2007	FY 2008	FY 2009	FY 2010
<b>Total Portfolio<sup>(1)</sup></b>	<b>Outstanding Principal Balance</b>	<b>\$84,512</b>	<b>\$88,095</b>	<b>\$90,451</b>	<b>\$93,340</b>
<b>Financial Assistance <sup>(2)</sup></b>					
7(a) Loans	Dollars of Gross Loans Approved	\$ 14,292	\$ 12,671	\$ 9,191	\$ 12,407
504 Loans	Dollars of Gross Loans Approved	\$ 6,314	\$ 5,290	\$ 3,834	\$ 4,433
Microloans	Dollars of Gross Loans Approved for Microborrowers	\$ 32	\$ 31	\$ 35	\$ 45
SBIC	Dollars of Long-Term Capital Deployed	\$ 759	\$ 1,030	\$ 788	\$ 2,047
7(a) Loans	Number of Gross Loans Approved	99,606	69,434	41,289	47,000
504 Loans	Number of Gross Loans Approved	10,669	8,883	6,608	7,833
Microloans	Number of Gross Loans Approved for Microborrowers	2,523	2,771	2,797	3,789
SBIC	Number of Small Businesses Financed	2,057	1,905	1,481	1,331
<b>Disaster Assistance <sup>(2) (6)</sup></b>					
	Dollars of Gross Loans Approved	\$ 820	\$ 826	\$ 1,130	\$ 574
	Number of Gross Loans Approved	13,716	15,128	21,780	15,356
<b>Management Assistance</b>					
SCORE	Number Small Businesses Assisted	336,411	360,559	380,357	407,240
SBDC	Number Small Businesses Assisted	600,665	558,487	583,770	589,352
WBC	Number Small Businesses Assisted	146,828	159,879	155,383	160,735
<b>Contracting Assistance</b>					
Prime Contracting	Annual Value of Federal Contracts	\$ 83,275	\$ 93,305	\$ 96,800	N/A <sup>(3)</sup>
Prime Contracting (%) <sup>(5)</sup>	% of Federal Contracts to SBs	22.0%	21.5%	21.9%	N/A <sup>(3)</sup>
Surety Bond	Number Bid and Final Bonds Guaranteed	5,809	6,055	6,135	8,348
HUBZone	Annual Value of Federal Contracts	\$ 8,463	\$ 9,790	\$ 12,413	N/A <sup>(3)</sup>
8(a) Program	Number of Small Businesses Assisted	9,536	9,122	8,854	8,442
<b>Regulatory Assistance</b>					
Advocacy	Regulatory Cost Savings	\$ 2,568	\$ 10,760	\$ 6,990	\$ 14,900 <sup>(4)</sup>

(1) This is the gross cumulative outstanding disbursed amount that includes all Disaster loans and SBA guaranteed loans (including the non-guaranteed portion) less loan payments and payoffs, plus loan increases.

(2) There are three basic ways to present loan data: 1) Gross Loans Approved (the total loans approved); 2) Net Loans Approved (gross loans approved *plus* any loan increases *minus* any cancellations); and 3) Disbursed loans (the amount that is actually given to the borrower). In the "Financial Assistance" and "Disaster Assistance" part of the table Gross Loans Approved is presented because it is the only loan data that will never change.

(3) Federal agencies have not yet certified their FY 2010 data. The SBA expects to receive the FY 2010 certified data by the 3<sup>rd</sup> or 4<sup>th</sup> quarter of FY 2011.

(4) The FY 2010 is an estimate. This number will be finalized in February 2011 in Advocacy's annual report to Congress.

(5) The federal government is required to give small businesses at least 23 percent of all contracting dollars.

(6) In FY 2010, the SBA changed the method for determining these Disaster numbers. All prior numbers have been adjusted to ensure consistency and comparability.

## SBA's History and Organization

Congress created the U.S. Small Business Administration in 1953 to “aid, counsel, assist and protect, insofar as is possible, the interests of small business concerns.” The charter also stipulated that the SBA would ensure small businesses a “fair proportion” of government contracts and sales of surplus property. SBA’s mission is to maintain and strengthen the nation’s economy by enabling the establishment and vitality of small businesses and by assisting in the economic recovery of communities after disasters. Agency programs also include management assistance and specialized outreach to veterans, women and underserved markets.

The SBA provides financial assistance to small businesses in the form of loans and venture capital. Since enactment of the Federal Credit Reform Act of 1990, the SBA has made or guaranteed in excess of \$242 billion in business loans. Through the Small Business Investment Company program, the SBA has put \$57.6 billion worth of venture capital into more than 107,000 small businesses since 1990.

The disaster loan program is the only form of SBA assistance that is not limited to small businesses. Disaster loans help homeowners, renters, businesses of all sizes, and nonprofit organizations to fund rebuilding and recovery efforts. The Agency does this by focusing on the restoration of real and personal property and assisting businesses to return to operations as quickly as possible. On average, the Agency makes disaster loans totaling approximately \$500 million to \$1 billion each year, and has an active portfolio of about \$8 billion. Since its inception, the SBA has approved over 1.9 million disaster loans for nearly \$49 billion.

The SBA plays a vital role in enabling America’s entrepreneurs and has stamped its mark on many small businesses that have grown to become household names and leaders in their fields. These firms include Nike, Staples, Apple, Federal Express, Ben & Jerry’s, Outback Steakhouse, Hewlett Packard, and a host of others. For their outstanding achievements, dedication and hard work, Engineering & Computer Simulations was named the 2010 National Small Business of the Year. SBA Administrator Karen Mills saluted the company and its owner Waymond Armstrong as “a perfect example of the

innovation, inspiration and determination that exemplify America’s most successful entrepreneurs.” He believed in his brainchild to the point where he deferred his own salary for three years to keep his company afloat. When layoffs loomed for his staff after 9/11, their loyalty and belief in the company was so great that they were willing to work without pay for four months. “Mr. Armstrong’s commitment to his employees and to his business demonstrates the qualities that make small businesses such a powerful force for job creation in the American economy and in their local communities; these are the same qualities that will lead us to economic recovery.” The Agency is proud that Engineering & Computer Simulations benefited from two grants under SBA’s Small Business Innovation and Research program.

### Organization by Strategic Goals and Objectives

The SBA is an organization with a nationwide presence. Its headquarters is located in Washington, D.C., while its business products and services are delivered with the help of 10 regional offices, 69 district offices and a vast network of partners in all 50 states, the District of Columbia, Puerto Rico, American Samoa, the U.S. Virgin Islands, and Guam.

The SBA is organized to support its three Strategic Goals — *growing businesses and creating jobs, building an SBA that meets the needs of today’s and tomorrow’s small businesses, and serving as the voice for small business*. Following are brief descriptions of SBA offices and programs and some of the products and services they provide.

#### Strategic Goal One — Growing businesses and creating jobs

**Financial Assistance** — The Office of Capital Access assists small businesses in obtaining capital via the 7(a), 504 and Microloan programs through an extensive lending network. The Office of Investments and Innovation assists small businesses through the administration of the Small Business Investment Company and the Small Business Innovation Research programs.

**Contracting** — The Office of Government Contracting and Business Development (GC/BD) provides assistance to small businesses in obtaining federal contracting opportunities through the government-wide prime and subcontracting programs. Additionally, the 8(a) Business Development program assists small businesses to be better prepared to take advantage of contracting opportunities. GC/BD sets size standards for small businesses which determine the size a business must be to be considered a small business.

**Counseling and Training** — The Office of Entrepreneurial Development provides business counseling and training through its partners network composed of small business development centers, women's business centers and SCORE. In addition, district offices provide counseling and training that complement the assistance provided by SBA partners.

**Disaster Assistance** — The Office of Disaster Assistance provides affordable, timely and accessible financial assistance to homeowners, renters and businesses following a disaster.

**Exporting** — The Office of International Trade enhances the ability of small businesses to compete in the global marketplace by facilitating access to capital, ensuring the interests of small business are considered and reflected in trade negotiations, and supporting and contributing to the U.S government's international commercial and economic agenda.

In addition, **outreach to underserved communities** is reflected throughout the Strategic Plan, but this effort also requires a specific focus, including strong support from the following offices:

- The Office of Veterans Business Development formulates and delivers policies and programs that provide assistance to veterans seeking to start and develop small businesses.
- The Office of Native American Affairs focuses on the assistance provided to American Indians, Alaska Natives, Native Hawaiians, and the indigenous people of Guam and American Samoa.

## Success Story



### "Fishing" for Business While Overcoming Adversity Tommy's Seafood Inc. New Orleans, Louisiana

Louisiana small business owners Tommy and Maria Delaune suffered a one-two punch from Hurricane Katrina and the Deepwater BP oil spill. They run Tommy's Seafood, a New Orleans seafood processor and wholesaler with 20 employees.

When Hurricane Katrina hit in August 2005, the business suffered major damage at its two facilities, including loss of equipment and inventory. They applied for an SBA disaster loan in October 2005, and the loan was approved seven months later. But the loan for \$960,000 wasn't fully disbursed until October 2006, a year later.

The SBA overhauled the disaster loan program after the 2005 Gulf Coast hurricanes. Staff increases, improved technology and training, and a streamlined loan process resulted in vast improvements. The needs of disaster victims are now being met more efficiently.

Tommy's Seafood got hit again in April 2010 when the Deepwater BP oil spill forced closures of fishing waters in the Gulf of Mexico, where their suppliers work. Tommy and Maria had to look 500 miles away to find more seafood to process, so they had higher expenses and lower profit margins. This time around, however, their experience with the SBA was "amazing," according to Maria. Their Economic Injury Disaster loan for \$460,900 was approved in 16 days, and it was fully disbursed just a month later. In addition, the SBA deferred their existing Katrina loan for 12 months, allowing them to use more of their resources to deal with the financial strain caused by the oil spill.

## Strategic Goal Two — Building an SBA that meets the needs of today's and tomorrow's small businesses

SBA's management offices support Strategic Goal Two.

- The Office of Communication and Public Liaison develops and implements plans, operating procedures and standards for articulating and communicating the Agency's programs and priorities.
- The Office of the Chief Financial Officer and Performance Management provides financial and performance information that is useful, relevant, timely and accurate and which assists the SBA in maximizing program performance and accountability.
- The Office of Field Operations works as the front line operating team for the SBA. Most SBA programs and services are executed through regional, district, and branch field offices located in every state.
- The Office of the Chief Information Officer provides information technology leadership, product services, and operational support for the SBA.
- The Office of Human Capital Management develops strategic human capital solutions to workforce issues and strives to create a work environment that attracts and retains the talented and high performance workforce the SBA needs to accomplish its mission.
- The Office of Credit Risk Management focuses on mitigation of risk to taxpayers through ever-improving risk management and oversight of SBA lending programs.

## Strategic Goal Three — Serving as the voice for small business

SBA's management and program offices support Strategic Goal Three through interagency collaboration, reducing burdens on small business, and providing current, accurate statistics on small business.

**Interagency Collaboration** — To ensure effective delivery of programs and services the SBA has made collaboration with other federal agencies a top priority. The Agency is a leading participant in interagency collaborations that focus on innovation, government contracting, exporting, veterans and reservists, Gulf Coast recovery, access to capital for small business owners, and entrepreneurial education.

**Reducing Burdens** — The SBA makes government more responsive to small businesses by: reducing excessive federal regulatory burden; protecting them from excessive federal regulatory enforcement; and providing automated tools and information on how to comply with laws and regulations. The SBA fulfills these functions through the offices of Advocacy and the National Ombudsman. The Office of Advocacy provides an independent voice for small business to advance its views, concerns, and interests before Congress, the federal government, federal courts and state policy makers. The National Ombudsman receives complaints and comments from small businesses and acts as a "trouble shooter" between small businesses and federal agencies.

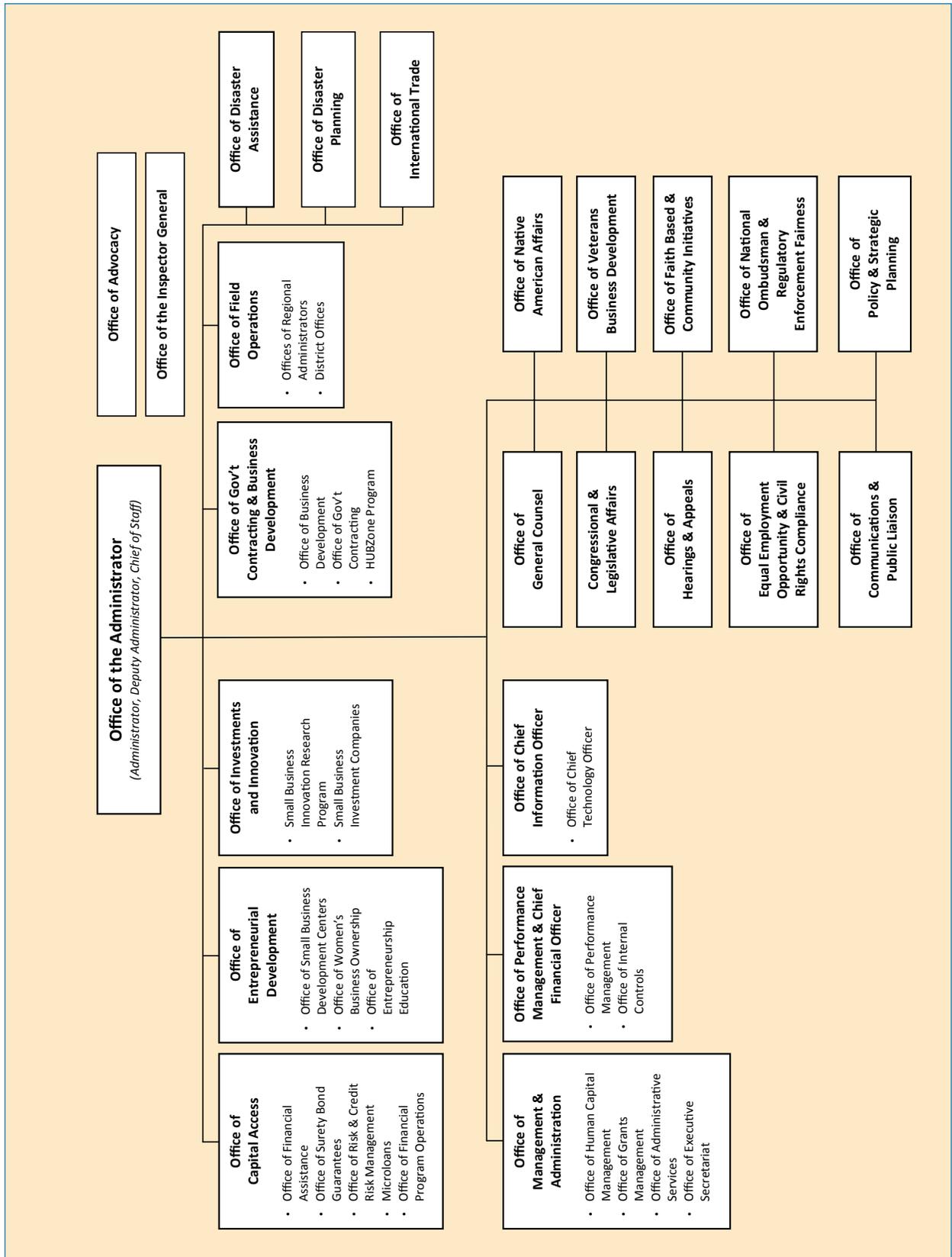
**Statistics on Small Business** — The SBA's Office of Policy and Strategic Planning has undertaken a project in conjunction with the Office of Advocacy to provide a series of statistics and economic indicators that will help policy makers understand the state of small business. These statistics will provide a sense of the economic environment facing small firms throughout the country along with trend data to show the direction of the small business economy.

Did  
you  
know

**The SBA partners with banks and credit unions to offer billions of dollars a year in loans to small business owners. In FY 2010, the SBA supported over 22 billion dollars in lending to small businesses.**

**Learn more at**  
<http://www.sba.gov/aboutsba/sbaprograms/elending>.

## SBA'S Organization Chart



## Summary of Performance Information

### How the SBA Assesses Performance

The SBA uses a standardized performance system designed to emphasize the interrelationship between its various offices and to illustrate that the achievement of the mission of the Agency is the ultimate goal. The mission of the SBA is established by the Small Business Act and it is the overarching principle that governs all actions of the Agency. Each of the components of SBA's performance structure is defined here.

#### Strategic Goals

The SBA has three Strategic Goals. The first Strategic Goal highlights programs that assist small business directly or through SBA's partners. The second Strategic Goal focuses on strengthening Agency operations to meet the needs of small businesses now and in the future. The third Strategic Goal shows how the SBA serves as a voice for small businesses.

#### Objectives

Objectives describe in general terms the results the SBA needs to achieve in order to accomplish its strategic goals, at the same time making the focus of the Agency more specific.

### Performance Indicators

Following are three types of indicators that measure performance, and their definitions:

#### OUTCOME

Outcomes are defined and measured at the level of the Agency. Outcomes measure the effect program outputs have on their stakeholders. More than one program may contribute to the achievement of an outcome.

#### OUTPUT

Outputs are the quantifiable targets that directly measure the results of a program. A program may have many outputs, but each output is associated with only one program.

#### EFFICIENCY

An efficiency measure is the cost to produce one output or intermediate unit. It allows for cost comparison among programs. Most SBA programs have at least one efficiency measure.

Did  
you  
know

**What do Intel, FedEx and Outback Steakhouse have in common?  
They all received SBA assistance.**

**Learn about the SBA Investment Division at  
<http://www.sba.gov/content/sbic-program>**

## Strategic Goal Structure

In FY 2010 the SBA updated its Strategic Plan. This plan is the result of extensive dialogue throughout the Agency, across the Administration, and with leaders in the small business community. The process resulted in three Strategic Goals for the next five years.

This Summary of Performance and Financial Information bridges the updated FY 2011-2016 Strategic Plan with the FY 2008-2013 Strategic Plan which had four Strategic Goals. The updated plan reflects more clearly the focus and priorities of the Administration and SBA leadership while continuing to provide a framework to maximize the Agency's strength and resources.

The Agency's three Strategic Goals are:

STRATEGIC GOAL	OBJECTIVES
<p><b>1. Growing businesses and creating jobs</b></p>	<ul style="list-style-type: none"> <li>1.1 Expand Access to capital through SBA's extensive lending network.</li> <li>1.2 Ensure federal contracting goals are met and/or exceeded by collaborating across the federal government to expand opportunities for small businesses and strengthen the integrity of the federal contracting certification process and data.</li> <li>1.3 Strengthen SBA's entrepreneurial education, counseling and training resources to help create new businesses and support the needs of existing businesses by successfully focusing on core program resources and ensuring these resources are aligned with the needs of both Main Street and high-growth small businesses.</li> <li>1.4 Ensure that SBA's disaster assistance resources for businesses, homeowners, and renters can be deployed quickly, effectively and efficiently.</li> <li>1.5 Strengthen SBA's relevance to high-growth entrepreneurs and small businesses to more effectively drive innovation and job creation through both the Agency's existing programs as well as new initiatives.</li> <li>1.6 Strengthen outreach to under-served communities and under-served populations.</li> </ul>
<p><b>2. Building an SBA that meets the needs of today's and tomorrow's small business</b></p>	<ul style="list-style-type: none"> <li>2.1 Strengthen SBA's core programs to ensure that they are high performing, effective, and relevant to the needs of the small business community.</li> <li>2.2 Invest in SBA's employees so they can effectively serve small businesses.</li> <li>2.3 Mitigate risk to taxpayers and improve oversight across SBA programs.</li> </ul>
<p><b>3. Serving as the voice for small business</b></p>	<ul style="list-style-type: none"> <li>3.1 Collaborate with other agencies to strengthen the delivery of programs, resources and services.</li> <li>3.2 Foster a small business-friendly environment by encouraging federal agency awareness about the impact of unfair regulatory enforcement and compliance efforts, reducing burdens on small business, and improving small business research and the collection of relevant small business data.</li> <li>3.3 Promote the availability, analysis, and dissemination of the most current, accurate, and detailed statistics possible on small business.</li> </ul>

## High Priority Performance Goals

The SBA has identified four High Priority Performance Goals for the coming years. These goals reflect the priorities of Agency leadership and the Administration, are focused on achieving the Agency's mission, and can be measured and assessed in terms of progress and achievement. By actively pursuing these goals, the SBA will strengthen its national contributions to entrepreneurship, innovation, and competitiveness.

The four High Priority Performance Goals are:

1. Expand access to capital by increasing the number of active SBA lending partners for the 7(a) loan program to 3,000 by September 30, 2011, a 15 percent increase over the FY 2008 and FY 2009 average.
2. Increase small business participation in federal government contracting to meet the statutory goals and reduce participation by ineligible firms.
3. Process 85 percent of home disaster loan applications within 14 days and 85 percent of business disaster loan applications within 18 days.
4. Improve the Small Business Innovation Research program.

## Performance Data Validation, Verification and Certification

Managing for results and producing an Annual Performance Plan and Performance and Accountability Report requires valid, reliable and high-quality

performance measures and data. The SBA is committed to the continuous improvement of its performance and financial management data. To this end the Agency has established a multifaceted strategy which includes: an excellent data validation system; mandatory source documentation policy; documentation of calculation methodology for all estimates; standardization of client definitions; and certification of performance results.

All indicators are fully supported by documentation. This documentation is available for review at:

<http://www.sba.gov/performance>

## Summary Performance Information on Key SBA Offices/Programs

The Small Business Administration helps Americans grow businesses and create jobs by providing resources and tools, including access to capital; opportunities in federal contracting; access to entrepreneurial education; and disaster assistance for businesses, homeowners and renters.

SBA's efforts to assist entrepreneurs and small business owners are especially critical during these difficult times for the U.S. economy. Throughout America's history, small businesses have played a leading role as the driver of economic growth and job creation. In fact, more than half of working Americans either own or are employed by a small business.

*Did  
you  
know*

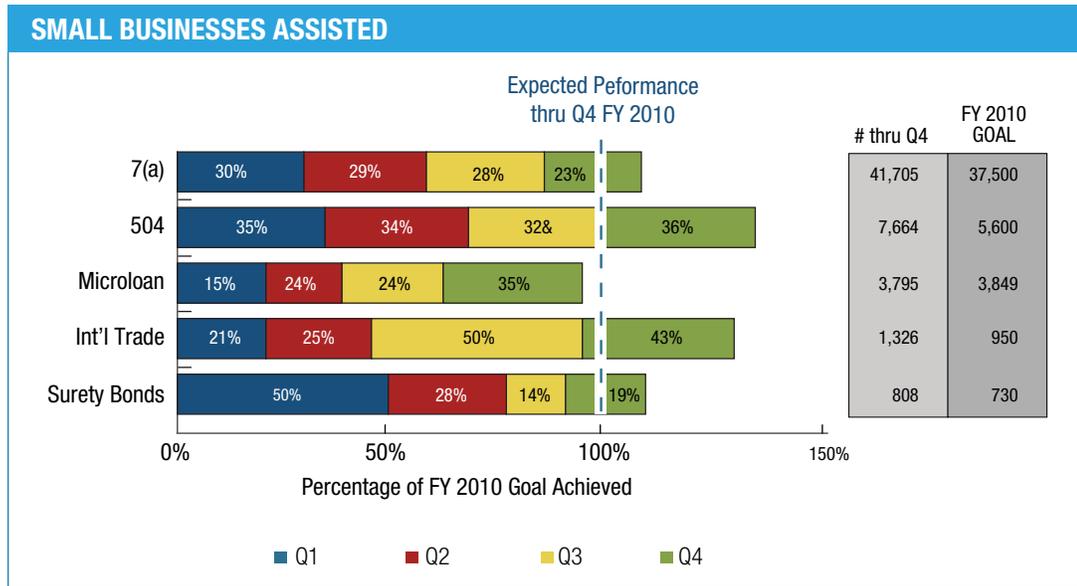
**The SBA helps small businesses win federal government contracts. In FY 2010 small businesses were awarded 96.8 billion dollars in federal prime contracts.**

<http://www.sba.gov/goaling>

## SUMMARY OF PERFORMANCE INFORMATION

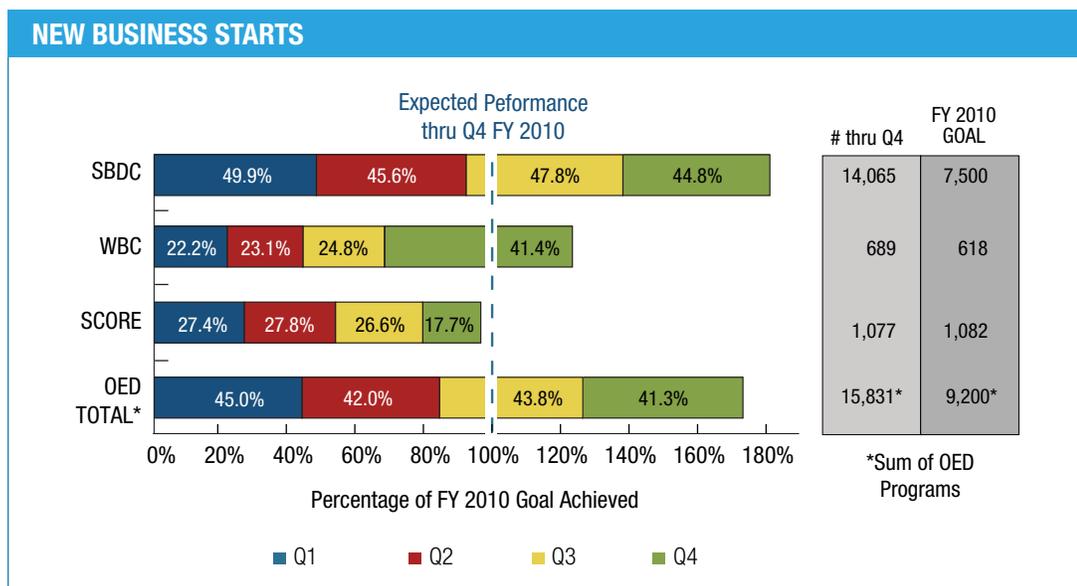
### PROVIDING ACCESS TO CAPITAL

In FY 2010 the SBA assisted over 55,000 small businesses with loans and surety guaranties, helping to drive business formation, job growth and economic expansion.



### DRIVING BUSINESS CREATION THROUGH COUNSELING AND TRAINING

In FY 2010, SBA's Entrepreneurial Development programs helped create 15,831 new businesses, surpassing the combined goal by more than 6,500.



The following tables present key SBA performance data. The three largest SBA guaranty and direct loan programs — 7(a), 504, and disaster loans — make up the bulk of SBA’s loan portfolio. Additional indicators have been included as an example of the impact of other SBA programs and to highlight the soundness of SBA’s financial systems. Detailed performance information on all SBA programs is presented, and all variances explained, in the combined report, “FY 2012 Congressional Budget Justification and FY 2010 Annual Performance Report.” [www.sba.gov/performance](http://www.sba.gov/performance)

Program	Performance Indicator	Type of Indicator	FY 2007 Actual	FY 2008 Actual	FY 2009 Actual	FY 2010 Goal	FY 2010 Actual	FY 2010 Variance
---------	-----------------------	-------------------	----------------	----------------	----------------	--------------	----------------	------------------

**Strategic Goal 1 - Growing Businesses and Creating Jobs**

Financial Assistance								
7(a)	Active Lending Partners (#) (HPPG #1) (1)	Outcome	2,383	2,408	2,771	2,800	3,061	9% G
7(a)	Small Businesses Assisted (#) (2)	Outcome	90,146	62,441	37,153	37,500	41,705	11% G
7(a)	Jobs Supported (#) (2)	Outcome	776,729	586,955	423,980	625,500	473,502	-24% R
504	Small Businesses Assisted (#) (2)	Outcome	10,409	8,675	6,461	5,600	7,664	37% G
504	Jobs Supported (#) (2)	Outcome	126,069	111,996	74,849	133,000	82,543	-38% R
<b>Variance Explanation</b>								
7(a) Total SB Assisted (11% over target) - Increase is due to Recovery Act funds. The waiver of borrower fees allowed more small businesses to apply for loans as their up front costs were reduced. In addition, the higher guaranty increased the total number of banks making SBA guaranteed loans.								
7(a) Total Jobs Supported (24% under target) - The goal was based on a change in methodology for calculating jobs supported that was not implemented. While below goal there was almost a 12% increase in the total jobs supported.								
504 Total SB Assisted (37% over target) - Increase in businesses assisted is due to Recovery Act funds. The waiver of borrower fees allowed more small businesses to apply for loans as their up front costs were reduced. In addition, the higher guaranty increased the total number of banks making SBA guaranteed loans.								
504 Total Jobs Supported (38% under target) - The goal was based on a change in methodology for calculating jobs supported that was not implemented. The SBA underestimated the prolonged nature of the recession and the impact it would continue to have in 2010. 504 lost share to 7(a) as the 90% guaranty allowed more banks to finance the entire loan.								

Disaster Assistance								
Disaster	Average Time to Process Business Physical Applications (Days) (**) (these are Standards and therefore are not goaled) (HPPG #3) (1)	Output	11	11	14	N/A	10	N/A
Disaster	Home Loans Processed Within Standard (%) (HPPG #3) (1)	Output	97%	94%	94%	85%	100%	15% G
(**) This indicator is a contextual indicator and is used to establish the "Standard" that the following indicator is measured against.								
<b>Variance Explanation</b>								
Home Loans Processed Within Standard (15% over target) - Limited disaster activity allowed the Office of Disaster Assistance to exceed loan processing goals.								

Management and Technical Assistance								
SBDC	Small Businesses Created (#)	Outcome	7,331	12,730	12,543	7,500	14,065	88% G
WBC	Small Businesses Created (#)	Outcome	618	727	727	618	689	11% G
SCORE	Small Businesses Created (#)	Outcome	1,082	943	931	1,082	1,077	-0.5% Y
<b>Variance Explanation</b>								
SBDC Created (88% over target) - FY 2010 goals were set in anticipation that a poor economy would decrease demand for services. Other SBA loan programs, and Recovery Act funds, helped drive clients to SBDCs for unanticipated assistance with new business creation.								
WBC Created (11% over target) - The goal had been flattened for FY 2010 because funding had also been flat. However, the number of business starts had decreased from prior years in part because of the economic conditions in early 2010.								

(1) The SBA has identified these indicators as High Performing Performance Goals (HPPG).

(2) A more precise methodology was developed in FY 2009 to calculate "Jobs supported" and "Small Businesses Assisted." In addition to the change in methodology, the figures are net of fully cancelled loans. Prior year results have been restated to reflect this change. "Jobs supported" replaced the title "Jobs Created/Retained." "Jobs supported" more clearly described the measured activity.

<b>Green</b> G	Actual results meet or exceed target.
<b>Yellow</b> Y	Actual results are within 10% of target.
<b>Red</b> R	Actual results are 90% or less than target

## SUMMARY OF PERFORMANCE INFORMATION

Program	Performance Indicator	Type of Indicator	FY 2007 Actual	FY 2008 Actual	FY 2009 Actual	FY 2010 Goal	FY 2010 Actual	FY 2010 Variance
---------	-----------------------	-------------------	----------------	----------------	----------------	--------------	----------------	------------------

### Strategic Goal 2 - Building an SBA that Meets the Needs of Today's and Tomorrow's Small Businesses

Financial Management								
Financial Reporting	Unqualified Opinions for Audit Year	Outcome	Yes	Yes	Yes	Yes	Yes	0% <b>G</b>

### Strategic Goal 3 - Serving as the Voice for Small Business

Regulatory Assistance								
Advocacy	Regulatory Cost Savings to Small Businesses (\$ in Billions)	Outcome	\$2.60	\$10.70	\$6.99	\$5.50	\$14.90	171% <b>G</b>
<b>Variance Explanation</b> Regulatory Cost Savings to Small businesses (171% over target) - While Advocacy is pleased to have substantially exceeded its goal for this important metric, it is impossible to predict with any degree of accuracy when federal agencies will publish final rules that reflect cost savings resulting from Advocacy's intervention, and it is equally difficult to predict the amount of savings likely to be achieved before action on a rule begins. Cost savings rely on externalities (i.e., it is a regulatory agency's decision to reduce the burden on small entities, not Advocacy's), so significant variations from established goals can and do occur.								

### Strategic Goal 1<sup>(3)</sup>

Program	Performance Indicator	Type of Indicator	FY 2007 Actual	FY 2008 Actual	FY 2009 Actual	FY 2009 Goal	FY 2009 Variance	FY 2010 Actual
Contracting Assistance <sup>(*)</sup>								
Prime Contracting	Federal Contract Dollars Awarded to Small Businesses (% of Total Applicable Federal Contract Dollars) (HPPG #2) <sup>(1)</sup>	Outcome	22.0%	21.5%	21.9%	23.0%	-1.1% <b>Y</b>	N/A

(1) The SBA has identified these indicators as High Performing Performance Goals (HPPG).

(2) A more precise methodology was developed in FY 2009 to calculate "Jobs supported" and "Small Businesses Assisted." In addition to the change in methodology, the figures are net of fully cancelled loans. Prior year results have been restated to reflect this change. "Jobs supported" replaced the title "Jobs Created/Retained." "Jobs supported" more clearly described the measured activity.

(3) The "actual" metrics are not available until the third quarter of the next year. Therefore, the Goal/Actual variance is for the prior year metrics - in this case FY 2009.

<b>Green</b> <b>G</b>	Actual results meet or exceed target.
<b>Yellow</b> <b>Y</b>	Actual results are within 10% of target.
<b>Red</b> <b>R</b>	Actual results are 90% or less than target

## FY 2010 Budgetary Resources by Strategic Goal/Type of Assistance/Program

	Program/Office	Strategic Goal	Total Budget <i>(Dollars in Thousands)</i>
			<b>\$ 781,573</b>
<b>STRATEGIC GOAL 1 - Growing Businesses and Creating Jobs</b>			<b>\$ 769,569</b>
<b>Financial Assistance</b>			
	7(a) Loans	\$ 95,090	
	504 Loans	36,232	
	Microloans	33,686	
	Small Business Investment Companies	24,262	
	International Trade	8,016	
	Surety Bond Guarantee	6,175	
<b>Management Assistance</b>			
	Small Business Development Centers	128,232	
	Women's Business Ownership	22,373	
	Field Office - Counseling, Training & Information	17,113	
	Entrepreneurial Development Initiatives (Clusters)	12,703	
	SCORE	12,205	
	Veterans Business Development	6,402	
	Native American Outreach	5,104	
	Drug Free Workplace	1,014	
	Distance Learning Portal	604	
<b>Contracting Assistance</b>			
	8(a) Program	56,817	
	Prime Contracting	26,136	
	HUBZone	16,969	
	7(j) Program	5,478	
	Subcontracting	3,164	
	Business Matchmaking	3,125	
<b>Disaster Assistance</b>			
	Disaster	\$ 248,669	
<b>STRATEGIC GOAL 2 - Building an SBA that Meets the Needs of Today's and Tomorrow's Small Business</b>			<b>- (*)</b>
<b>STRATEGIC GOAL 3 - Serving as the Voice for Small Business</b>			<b>\$ 12,004</b>
	Advocacy	\$ 9,318	
	National Ombudsman	1,426	
	National Women's Business Council	\$ 1,260	

\* The budget authority used to support Strategic Goal 2 is classified as overhead costs and has been allocated to Strategic Goals 1 and 3. The overhead also includes General Planning and Management; Information Technology Management; Procurement and Contracting Services; Improved Financial Performance; Budget and Performance Integration; Competitive Sourcing; E-Government; and Human Capital Management.

## Analysis and Highlights of Financial Results

### Highlights of Financial Results

(Dollars in Thousands)

At End of Fiscal Year	FY 2010	FY 2009	% Change
<b>CONDENSED BALANCE SHEET DATA</b>			
Fund Balance with Treasury	\$ 6,116,325	\$ 3,469,465	76.29%
Credit Program Receivables	9,076,679	9,128,496	-0.57%
All Other Assets	37,472	28,498	31.49%
<b>Total Assets</b>	<b>\$ 15,230,476</b>	<b>\$ 12,626,459</b>	<b>20.62%</b>
Liability for Loan Guaranties	\$ 4,467,006	\$ 3,994,636	11.83%
Debt with Treasury	11,753,781	10,878,283	8.05%
Downward Reestimate Payable to Treasury	130,993	64,875	101.92%
All Other Liabilities	413,241	377,265	9.54%
<b>Total Liabilities</b>	<b>16,765,021</b>	<b>15,315,059</b>	<b>9.47%</b>
Unexpended Appropriations	2,295,070	1,983,504	15.71%
Cumulative Results of Operations	(3,829,615)	(4,672,104)	18.03%
<b>Total Net Position</b>	<b>(1,534,545)</b>	<b>(2,688,600)</b>	<b>42.92%</b>
<b>Total Liabilities and Net Position</b>	<b>\$ 15,230,476</b>	<b>\$ 12,626,459</b>	<b>20.62%</b>

#### For the Fiscal Year

##### STATEMENT OF NET COST BY STRATEGIC GOAL\*

<b>Goal 1: Expand America's Ownership Society</b>			
Loan Subsidy Cost including Reestimates	\$ 4,193,713	\$ 4,803,699	-12.70%
All Other Cost Net of Revenue	545,027	439,889	23.90%
<b>Goal 2: Provide Timely Financial Assistance Affected by Disaster</b>			
Loan Subsidy Cost including Reestimates	208,372	354,947	-41.29%
All Other Cost Net of Revenue	238,341	320,381	-25.61%
<b>Goal 3: Improve Economic Environment for Small Business</b>			
Costs Not Assigned	17,814	14,506	22.80%
	73,930	62,294	18.68%
<b>Total Net Cost of Operations</b>	<b>\$ 5,277,197</b>	<b>\$ 5,995,716</b>	<b>-11.98%</b>

##### STATEMENT OF NET COST BY EXPENSE TYPE

Loan Subsidy Cost and Required Annual Reestimates	\$ 4,402,085	\$ 5,158,646	-14.67%
Goal 1 Administrative Costs	545,027	439,889	23.90%
Goal 2 Administrative Costs	238,341	320,381	-25.61%
Goal 3 Costs	17,814	14,506	22.80%
Congressional Initiative Grants	52,035	43,635	19.25%
Other Costs Not Assigned	21,895	18,659	17.34%
<b>Total Net Cost of Operations</b>	<b>\$ 5,277,197</b>	<b>\$ 5,995,716</b>	<b>-11.98%</b>

\* These goals were from SBA's previous strategic plan. The SBA updated its strategic plan in FY2010

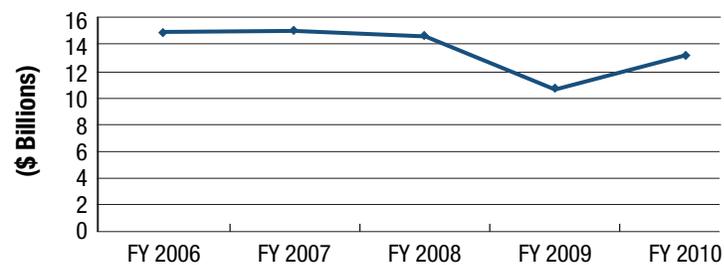
## Analysis of Financial Results

The SBA is the smallest of the major federal credit agencies, behind the Department of Agriculture, the Department of Education, the Department of Housing and Urban Development and the Department of Veterans Affairs. The portion of the outstanding principal guaranteed by the SBA as of September 30, 2010 was \$64.4 billion. This amount is up 3.6 percent from the \$62.2 billion guaranteed as of September 30, 2009.

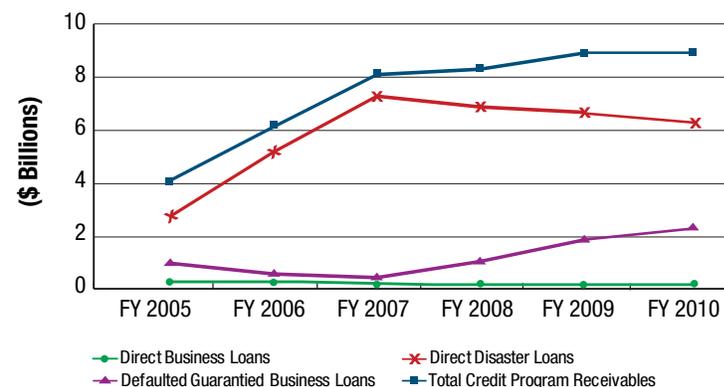
New guaranties disbursed by SBA participating banks during FY 2010 were up 23 percent compared to FY 2009. **Chart I** depicts the increase in guaranteed loans disbursed during FY 2010 to near pre-recession levels. This increase in the guaranteed loans disbursed is due to the passage of the American Recovery and Reinvestment Act. Through the Recovery Act, Congress appropriated \$730 million to the SBA to provide new lending incentives that included the Agency temporarily waiving its fees on 7(a) and 504 loans and increasing the guaranties it offers banks on 7(a) loans. These funds were exhausted during November 2009 and Recovery Act lending was suspended. The Congress subsequently provided an additional \$305 million through several appropriations to extend Recovery Act lending in FY 2010. On May 31, 2010 the temporary authority to increase the 7(a) guaranty percentage expired, contributing to a reduction in SBA guaranteed loan volume during the last four months of FY 2010. The SBA expects disbursements to continue to grow in early FY 2011 because of the passage of the Small Business Jobs Act of 2010 on September 27, 2010. The Jobs Act extended Recovery Act fee relief for the 7(a) and 504 programs and increased the guaranty on 7(a) loans through December 31, 2010. Furthermore, it appropriated \$505 million to pay for the fee relief and guaranty increase.

SBA's portfolio of loans receivable continued to grow in FY 2010 due to increases in purchases of guaranteed business loans. Credit program receivables for the SBA are comprised of business and disaster direct loans and defaulted business loans purchased per the terms of SBA's loan guaranty programs which are offset by an allowance for subsidy. These credit program receivables were valued at \$9.1 billion in FY 2010, which was little variation from FY 2009. As reflected in **Chart II**, the biggest changes in the credit program receivables included a reduction in the direct disaster loans of \$392 million offset by an increase in the defaulted guaranteed business loans of \$337 million. This increase in defaulted guaranteed business loans resulted from increased purchases due to the continuation of the economic recession during FY 2010. Purchases of SBA's share of defaulted guaranteed loans increased from \$3.9 billion in FY 2009 to \$4.8 billion in FY 2010.

**CHART I. GUARANTIED LOANS DISBURSED**



**CHART II. TOTAL CREDIT PROGRAM RECEIVABLES**



SBA's assets and liabilities result primarily from its credit program activities. The Agency's loans and guaranties are financed by a combination of subsidy appropriations, fees charged to lenders and borrowers, and borrowings from the Treasury. Congress provides appropriations to cover the estimated long-term costs of SBA's direct disaster loans, while SBA's guaranteed business loan program costs are largely financed through fees, augmented by appropriations. These new loan costs are defined as the net present value of the estimated cash outflows and inflows associated with the loans. The remaining portion of each new direct loan disbursed is financed under permanent indefinite authority to borrow funds from Treasury's Bureau of the Public Debt. Borrowings are repaid to the Treasury as loans are repaid to the SBA.

Under the Credit Reform Act of 1990, the SBA is required to reestimate the subsidy cost through the life of each cohort of direct loans or loan guaranties to account for differences between the assumptions of cash flow and actual cash flow or revised assumptions about future cash flow. These reestimates represent additional costs or savings to the government and are recorded in the budget. Reestimates that indicate an increase in the subsidy cost are financed by permanent indefinite authority.

## Financial Position

### ASSETS

The SBA had total assets of \$15.2 billion at the end of FY 2010, up 20.6 percent from FY 2009. Assets increased primarily due to a \$2.6 billion increase in the Fund Balance with Treasury partially offset by a \$52 million decrease in Credit Program Receivables. The Fund Balance with Treasury increased primarily in the Loan Guaranty Financing Fund (\$2.2 billion). This increase consisted primarily of the collection of the prior year upward subsidy reestimate as well as FY 2010 subsidy (\$5 billion), collection of fees (\$386 million), collection of principal (\$856 million) and borrowings (\$1.2 billion). This increase was partially offset by purchases of defaulted loans in FY 2010 (\$4.8 billion). The decrease in the Credit Program Receivables is due to the reduction in the direct disaster loans portfolio. Per the provisions of the Federal Credit Reform Act of 1990, credit program receivables are valued at the present value of expected future cash flows.

### LIABILITIES

The SBA had total liabilities of \$16.8 billion at the end of FY 2010, up 9.47 percent from FY 2009. Liabilities consist primarily of the Liability for Loan Guaranties and Debt with Treasury. The Liability for Loan Guaranties is defined as the estimate of the net present value of the future amount the SBA will pay, net of fee collections, to liquidate expected purchases of guaranteed loans under its guaranteed loan programs. The Liability for Loan Guaranties increased \$472.4 million primarily due to the year end reestimate as well as subsidy and fees collected (offset partially by claim payments). There was a net upward reestimate of \$3.6 billion in the loan guaranty program at September 30, 2010.

Debt with Treasury increased \$875.5 million as a result of borrowings to cover the increases in purchases of defaulted loans. Purchases of SBA's share of defaulted guaranteed loans increased from \$3.9 billion to \$4.8 billion from FY 2009 to FY 2010. Due to this unexpected surge in purchases as a result of the continued effect of the economic recession, the SBA borrowed funds from Treasury to cover the purchases.

### NET POSITION

Net position, which is the sum of Unexpended Appropriations and Cumulative Results of Operations, increased in FY 2010 to \$1.53 billion. Cumulative Results of Operations is the accumulated difference between expenditures and financing sources since the inception of the Agency. The loss shown as Cumulative Results of Operations decreased to \$3.83 billion at the end of FY 2010 (from \$4.67 billion last year) due to unfunded upward subsidy reestimates that decreased in FY 2010 on the 7(a) loan guaranty program from FY 2009. Unfunded expenses do not yet have a financing source. They result in an increase in the loss the SBA reports as Cumulative Results of Operations. The largest category of unfunded expenses at the SBA is year end reestimates which are funded in the following year. Unexpended Appropriations increased \$311.6 million this year because the appropriations used in FY 2010 were less than the appropriations received. This is primarily due to funding in the Small Business Jobs Act signed on September 27, 2010 that appropriated SBA \$505 million to stimulate small business lending. These funds were appropriated but not disbursed at the end of the year, resulting in the increase in the unexpended appropriations balance.

## Results of Operations

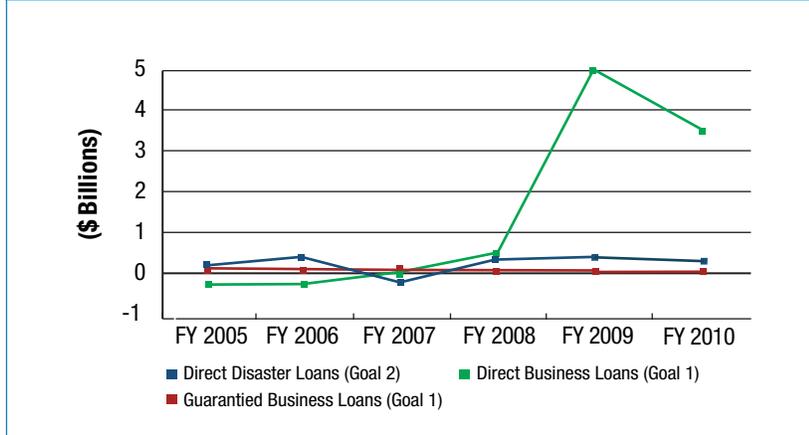
The Results of Operations primarily reflects the costs of SBA credit programs from subsidy expenses during the year for new loans and subsidy reestimates at year end. During FY 2010, the net reestimated costs for the 7(a) and the SBIC Participating Securities programs decreased (guaranteed business loan program) compared to FY 2009. Those decreases were the largest components of the change (net decrease) in the Agency's net cost. **Chart III** reflects the decreases in the reestimates for the Disaster direct program as well as the guaranteed business loan program from FY 2009 to FY 2010.

The decrease in the overall Net Cost from FY 2009 to FY 2010 is primarily due to the decrease in the upward reestimates for the business loan guaranty programs as well as a decrease in the Disaster direct programs in FY 2010. While there were still significant upward reestimates in both of those programs (composing the majority of the FY 2010 Net Cost), the upward reestimates were less than in FY 2009.

The 7(a) Loan Guaranty program, SBA's flagship and largest program had a net upward reestimate in FY 2010 of \$1.5 billion. While the 2009 cohort performed better than expected in FY 2010, many earlier cohorts performed worse. Actual cohort performance, in particular performance of the 2005-2008 cohorts, made up a significant portion of the reestimate. The remainder of the reestimate was mostly due to updated model assumptions and methodologies, which will allow for more accurate projections of future cash flows. These methodology changes in recognition of the economic times resulted in increased purchase projections for the remaining years within the cohorts.

Similarly, the 504 Certified Development Companies program had a net upward reestimate of \$1.6 billion. While the 2009 cohort performed better than expected in FY 2010, many earlier cohorts performed worse. The majority of the reestimate was due to updated model assumptions and methodologies, which will allow for more accurate projections on future cash flows. These

**CHART III. CREDIT PROGRAM SUBSIDY REESTIMATES**



methodology changes resulted in increased purchase projections and decreased recovery projections for the remaining years within the cohorts. The remainder of the reestimate was mostly due to higher than projected purchases in FY 2010, in particular for cohorts 2005-2008.

The SBIC Debentures program had a net upward reestimate of \$40 million. The reestimate was mostly due to lower than projected recoveries during FY 2010 and a decrease in projected recoveries for the remaining years within the cohorts.

The SBIC Participating Securities program had a net upward reestimate of \$337 million. The reestimate was mostly due to the downturn in the economy that resulted in lower than projected recoveries and higher than projected purchases during FY 2010 and an increase in projected purchases for the remaining years within the cohorts.

The 504 Recovery Act program had a net upward reestimate of \$156 million despite better than projected performance in FY 2010. The reestimate was due in large part to updated model assumptions and methodologies, which will allow for more accurate projections of future cash flows. These methodology changes resulted in increased purchase projections and decreased recovery projections for the remaining years within the cohorts.

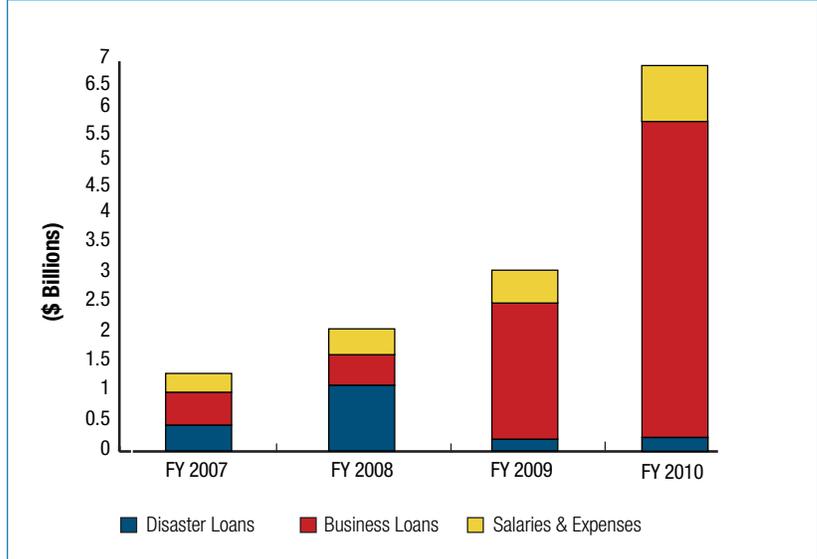
The Disaster program had a net upward reestimate of \$161 million primarily in the 2006 cohort, which mostly consists of loans for the Gulf Coast hurricanes of 2005. Loans in the 2006 cohort currently account for about 56 percent of the outstanding portfolio of direct disaster

loans. The upward reestimate was primarily the result of performance probabilities being updated with actual performance during FY 2010 that resulted in an increase in projected defaults.

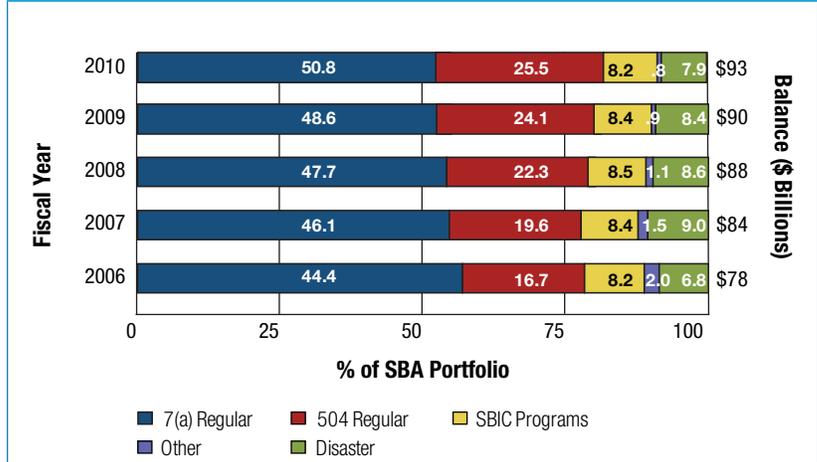
### Budgetary Resources

Appropriations Received increased \$3.5 billion from FY 2009 to FY 2010. The increase in Appropriations Received is mainly the increase in Spending Authority discussed previously and is the result of the receipt of appropriations for upward reestimates during FY 2010. The SBA received funding for the FY 2009 upward reestimate in FY 2010. Appropriations Received was also increased due to appropriations provided by the Small Business Jobs Act in September 2010 as well as the extensions for the Recovery Act (FY 2009 was similarly affected by Recovery Act appropriations in February 2009). **Chart IV** depicts the substantial increase in Appropriations Received for business loans due to the upward subsidy reestimate.

**CHART IV. APPROPRIATIONS RECEIVED**



**CHART V. SBA OUTSTANDING LOAN PORTFOLIO**



### Operational Portfolio Analysis

The SBA is the taxpayers' custodian of a loan portfolio of \$93.3 billion to small businesses, as shown in **Chart V**. This portfolio of outstanding principal loan amounts includes both guaranteed and direct business loans as well as direct disaster loans. SBA's two flagship guaranty business loan programs, 7(a) and 504, comprise roughly 80 percent of the outstanding loan portfolio. The direct disaster loan portfolio has steadily shrunk by nearly a billion dollars in the past four years as the United States has largely avoided major hurricanes like those of 2005 and 2006 (Katrina, Wilma, and Rita). The BP Oil Spill in the Gulf of Mexico during FY 2010 did not result in a

large increase in the disaster portfolio, most likely because small business owners are turning to the BP compensation fund first for their damaged businesses. According to a bi-annual survey conducted by the National Small Business Association, the SBA's loan products reach around four percent of small businesses in need of financing.

The 7(a) and 504 loan programs continue to drive the growth of the overall loan portfolio. In FY 2010, they accounted for all the growth in the portfolio, growing at a rate of 5 percent while the other programs contracted by 4.5 percent, leading to an overall portfolio rate of 3.2 percent. The most likely explanation for 7(a) and 504's

popularity can be found in the month-by-month loan approval snapshot shown in **Chart VI**.

The American Recovery and Reinvestment Act contained several provisions for the flagship programs that increase lending. First, the Recovery Act temporarily allowed the SBA to eliminate fees for borrowers on 7(a) loans and for both borrowers and lenders on 504 Certified Development Company loans.

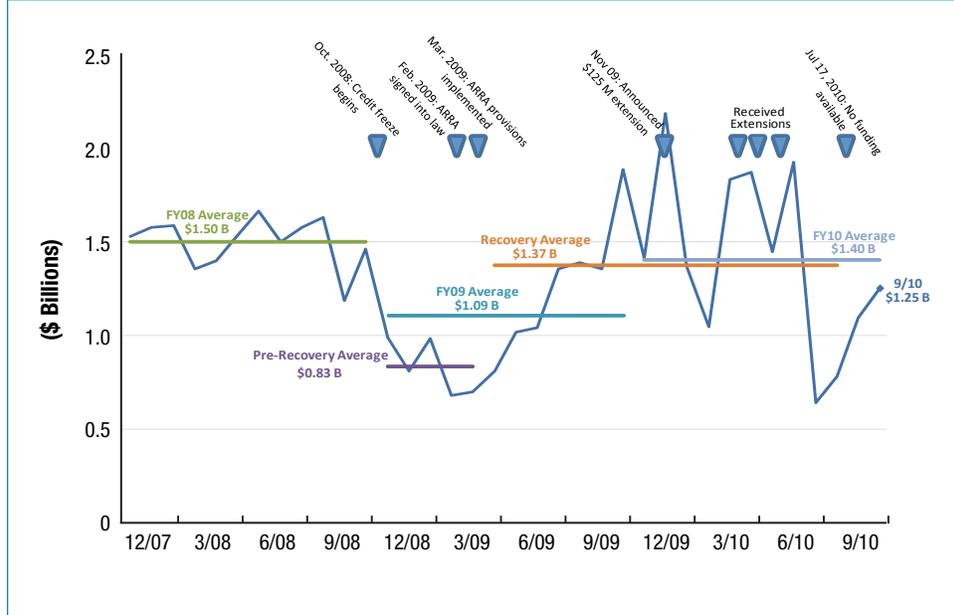
Second, the Recovery Act allowed the SBA

to raise the guaranty on 7(a) loans up to 90 percent. Combined, these two provisions made SBA loans cheaper for borrowers and lenders alike as well as less risky for lenders fearful of risk after the financial crisis of 2008. High demand for loans with Recovery Act fee relief and guaranty enhancement drained the entire amount appropriated for these loans by November 2009, nearly a year before the Recovery Act ended. Thus, over the course of FY 2010, the SBA received four extensions of Recovery Act provisions from Congress and, as seen in **Chart VI**, demand surged with each extension and fell with every shortage. In the final week of FY 2010, Congress passed the Small Business Jobs Act which made these Recovery Act provisions permanent, along with other changes like higher loan size limits.

### Housing Prices and Decreased Appetite for Risk

The market supply for small business loans fell precipitously when the collapse of the housing market turned into a general and widespread financial crisis in the fall of 2008. Many small business owners rely on their home equity as collateral for their small business loan and it is typical that the volume of loans is correlated with housing prices, as seen in **Chart VII**. A deeper examination of the regional data for the SBA shows the correlation's

**CHART VI. MONTHLY GROSS 7(A) AND 504 LOAN APPROVALS**



strength. Of the nine metropolitan areas that have had the deepest continued decline in home prices from their peak, SBA's corresponding district office has registered the steepest drop in loan demand from FY 2006 to FY 2010. Six offices rank in the top ten and all nine register in the top twenty. With the housing crisis now entering into a foreclosure crisis, the negative effects of a weak housing market on collateral will likely persist for the foreseeable future. The combined decline in the value and availability of housing collateral from small business owners, along with the tightening credit standards demanded by banks wary of risk (see **Chart VIII**), meant a precipitous decline in the market for small business loans (see **Chart VI**). To fill in for the market failure, the SBA increased its loan guaranties and reduced loan fees. These steps, begun under the Recovery Act in March 2009 and continued in four subsequent extensions in FY 2010, meant the SBA assumed more of the risk inherent in loan-making and allowed banks to begin lending to small businesses again. As seen in **Chart VI**, monthly loan volumes that had declined from \$1.5 billion prior to the crisis to \$0.83 billion bounced back to a Recovery average of \$1.37 billion once the higher guaranties and reduced fees took effect. The confidence people felt in the loans with Recovery Act provisions can be seen in the increasingly high premiums paid in the secondary market for 7(a) loan guaranties. The demand on the secondary market for 7(a) loans became so high over the course of the year that, while zero

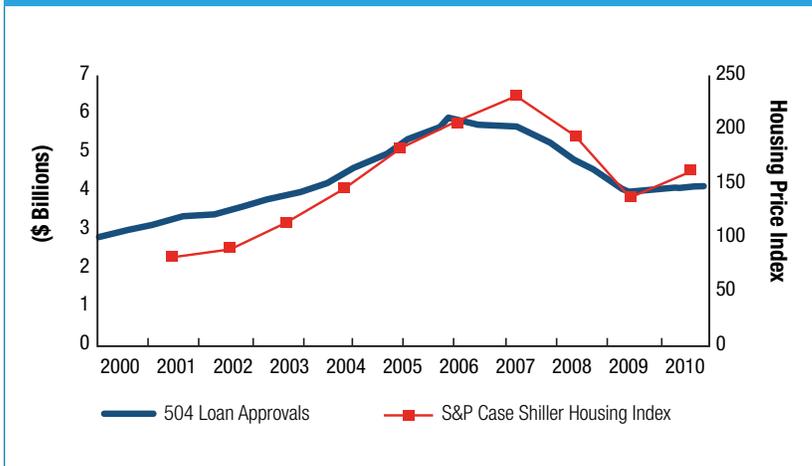
loans made in January or February 2009 (pre-Recovery Act) sold at a 106 premium or above, in September 2010, 95 percent of the loans settled, representing 94 percent of the total dollars, were sold at or above premiums of 106 as seen in **Chart IX**. In fact, 70 percent of the loans settled at 109.1 or more, indicating that investors saw great worth in the securitized bundles of 7(a) loans.

The changes to 7(a) and 504 accompanying the Recovery Act are probably a strong reason why the number of banks using SBA products has jumped 27 percent in the past two years.

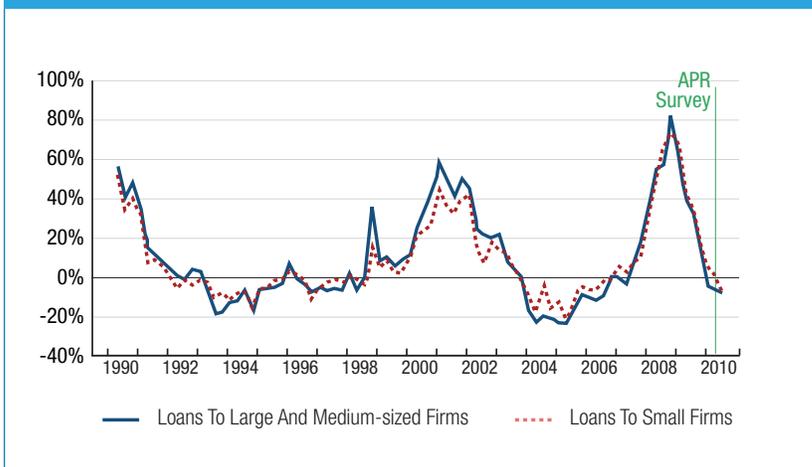
### Default and Recovery Rates in Times of High Unemployment

Each year the SBA uses a variety of sophisticated econometric models that use a variety of economic behavior pattern models as well as the economic assumptions released by the White House. These models predict the amount of SBA outstanding loans and loan guaranties taxpayers will pay over the life of a loan “cohort,” namely all loans made that fiscal year. At the same time the SBA estimates the amount for the upcoming fiscal year cohort it also re-estimates all previous outstanding cohorts to adjust the model with the new data accumulated over the past year and the White House’s new economic assumptions. In FY 2010, the SBA had a higher than normal reestimate of \$3.6 billion. This reestimate has several notable characteristics. First, it was necessary to factor in an unprecedented continuing period of high unemployment for the models, and the effects of purchase rates on

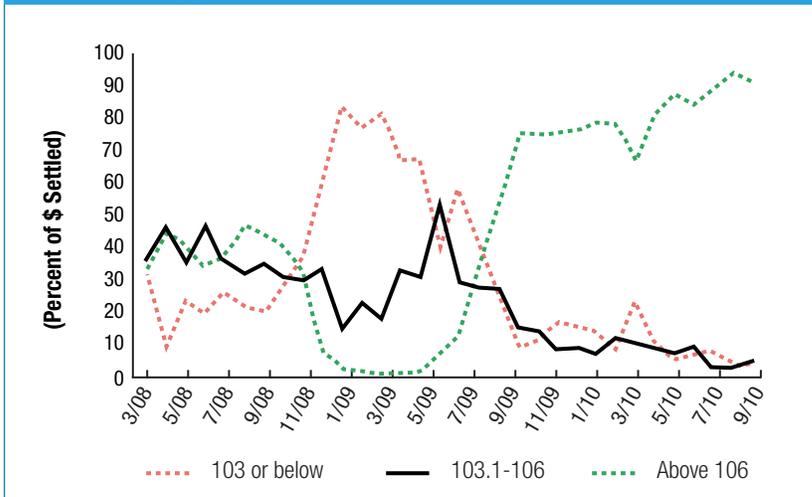
**CHART VII. S&P CASE-SHILLER HOUSING INDEX & SBA 504 LOAN APPROVALS**



**CHART VIII. NET PERCENTAGE OF DOMESTIC RESPONDENTS TIGHTENING STANDARDS FOR COMMERCIAL AND INDUSTRIAL LOANS**



**CHART IX. 7(A) SECONDARY MARKET PREMIUM RANGES**



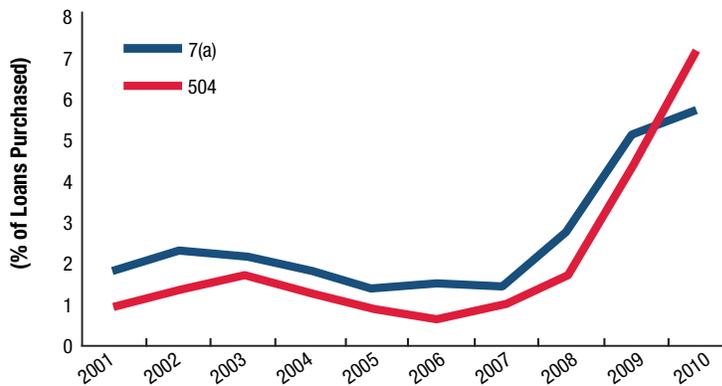
defaulted loans remained uncertain. They were higher than expected (see **Chart X**), but now that there are two years of data, the SBA will attune future models more closely to the negative effects of continued high unemployment. Second, 80 percent of the reestimate occurred because of worse than expected performance in loans originated in FY 2005-2008. Traditionally, loan cohorts in their third to fifth year of repayments are most likely to default or run into trouble, but the effect this time was probably magnified because of the looser underwriting procedures and credit standards by lenders prevalent in that time period. Also, many of the loans from those years were from the various SBA Express programs which traditionally have lower recovery rates post-default. Although SBA's models do not account for the value of a loan's collateral (the bank determines a loan's collateral), the FY 2005-2008 loans likely used real estate with inflated prices as collateral. As the housing market settles to a new level, recovery rates will likely lower for those particular cohorts, since their collateral decreased in value from the time of loan origination.

**Disaster**

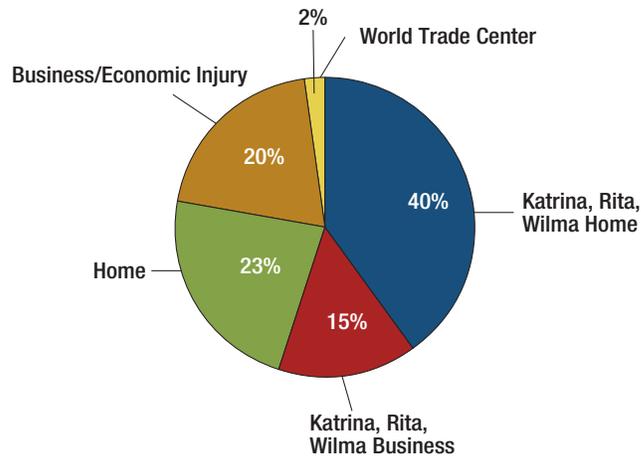
SBA's portfolio of direct disaster loans has declined in volume by over a billion dollars in the past three years, dropping from \$8.96 billion in FY 2007 to \$7.93 billion by the end of FY 2010. The three hurricanes of FY 2006 – Katrina, Wilma, and Rita – continue to comprise the greatest portion of the outstanding disaster portfolio, \$4.39 billion or 55 percent of the total as seen in **Chart XI**. By

comparison, the three costliest disasters of FY 2010 – the Tennessee floods, the Rhode Island/Massachusetts floods, and the BP Oil Spill – led to only \$272.21 million of gross loan approvals. It is likely that the BP compensation fund set up to help businesses affected by the Deepwater Horizon disaster led to a lower than expected amount of SBA disaster loans for the same event. As long as the United States continues to avoid major disasters, a decline in the overall portfolio is a welcome and expected trend.

**CHART X. PURCHASE RATES FOR 7(A) AND 504 BY FISCAL YEAR**



**CHART XI. FY 2010 DISASTER OUTSTANDING PORTFOLIO BY LOAN TYPE**



## Summary of Inspector General Reports

### OIG Audit Follow-up

Throughout the year, the OIG conducts audits of SBA's processes, procedures and programs, and makes recommendations for improvement. Many of these recommendations are not material, relative to their dollar impact, to SBA's financial and administrative operation, but are beneficial to SBA's management. If SBA management disagrees with an OIG recommendation, the OIG may revise the recommendation or refer the issue to a higher level of SBA management. When both SBA management and the OIG agree on the recommendation, SBA management develops a corrective action plan, including a target date for completion. This recommendation is

identified as having a "Management Decision." When the corrective action plan is implemented and the recommendation has been fully addressed, the recommendation is identified as having a "Final Action."

The OCFO maintains a database to track the recommendations through to the conclusion, or Final Action. During FY 2010, there were 156 Final Actions, resulting from 12 monetary and 144 non-monetary recommendations. The status of all audit recommendations is reconciled with the OIG to ensure actions are posted promptly and accomplished in accordance with the agreed upon target dates. For additional information, see: <http://www.sba.gov/office-of-inspector-general>.

### Success Story



#### Successful Entrepreneur Cites Military Experience Hughes Group, LLC, Lakewood, Washington

Patrick L. Hughes, owner and managing member of Hughes Group, LLC turned 28 years of military experience into a thriving business.

The veteran-owned company, established by Hughes in 1999, is an SBA 8(a) and HUBZone-certified firm, and is classified as a service disabled veteran-owned small business. The company provides aircraft, administrative and training, integrated logistics and information technology solutions to the armed forces and business commu-

nity. Its wide range of services to the federal government and major private sector companies includes aircraft refueling and maintenance, postal services, personnel placement, property book management, food services, web hosting and design, and help desk support. "Because of my military experience I have been able to grow the business into eleven states," reports Hughes.

Hughes was honored by the SBA as the 2010 National Minority Small Business Person of the Year at the 28th annual National Minority Enterprise Development (MED) Week conference in Washington, D.C. "We are honoring the Hughes Group today for its extraordinary commitment to excellence in providing innovative products and services to the federal government and commercial markets," said SBA Administrator Karen G. Mills. "Mr. Hughes' commitment to excellence has made his small business the third fastest growing minority business in Washington state and has helped spur job creation in the small business community and the nation's economy." Mr. Hughes is the recipient of SBA loans made possible by the Recovery Act of 2009.

## Summary of Management and Performance Challenges

The Office of Inspector General FY 2011 Report on the Most Serious Management and Performance Challenges Facing the Small Business Administration represents the current assessment of Agency programs and/or activities that pose significant risks, including those that are particularly vulnerable to fraud, waste, error, mismanagement or inefficiencies.

Within each Management Challenge there are a series of “recommended actions” to resolve the Challenge. Each recommended action is assigned a color “status” score. The scores are as follows: “green” for Implemented; “yellow” for Substantial Progress; “orange” for Limited Progress; and “red” for No Progress.

One Management Challenge in last year’s report, Insufficient and Outdated SBA Controls Contribute to

Excessive Risk of the SBIC Program, has been completed by virtue of both remaining recommended actions receiving “green” color scores this year. The OIG determined that SBA: (1) was actively monitoring and timely transferring impaired Small Business Investment Companies (SBICs) to liquidations when warranted, and (2) had developed performance goals and indicators to evaluate effectiveness of the liquidation process of SBICs and was reporting annually on whether these goals had been met. This challenge shows as “completed” in the FY 2011 report.

The following table provides a summary of the FY 2011 report on the Agency’s Most Serious Management and Performance Challenges.

For additional information, see: <http://www.sba.gov/office-of-inspector-general/875>.

STATUS SCORE							
	TOPIC	GREEN	YELLOW	ORANGE	RED	IMPROVED <sup>1</sup>	WORSENE <sup>2</sup>
1	Small Business Contracts		2	1			
2	IT Security		3	1			1
3	Human Capital		2	1			1
4	Loan Guaranty Purchase	1		1		1	
5	Lender Oversight		4	2		2	
6	8(a) BD Program		3	1			1
7	Loan Agent Fraud		2			2	
8	Loan Management and Accounting System			4		<sup>3</sup>	
9	Improper Payments	1	3	3		<sup>4</sup>	
<b>COMPLETED CHALLENGE</b>							
	SBIC Program	2				2	
	<b>TOTAL</b>	<b>4</b>	<b>18</b>	<b>14</b>	<b>0</b>	<b>7</b>	<b>3</b>

<sup>1</sup> “Improved” refers to a recommended action that showed progress this year over last year’s score.

<sup>2</sup> “Worsened” refers to a recommended action that regressed from last year’s score.

<sup>3</sup> Management Challenge 8, Loan Management and Accounting System, was new in FY 2010. Consequently, no color scores were shown in last year’s report against which to measure progress.

<sup>4</sup> Management Challenge 9, Improper Payments, was new in FY 2010. Consequently, no color scores were shown in last year’s report against which to measure progress.

## Contact SBA: Useful Sites and Numbers

The SBA home page is [www.sba.gov](http://www.sba.gov). Information on SBA programs may be accessed from this site. Several of the more frequently visited sites are listed below:

SBA INFORMATION	
About SBA	<a href="http://www.sba.gov/about-sba">www.sba.gov/about-sba</a>
SBA Direct	<a href="http://www.sba.gov/sba-direct">www.sba.gov/sba-direct</a>
SBA's Role in Small Business Advocacy	<a href="http://www.sba.gov/advocacy">www.sba.gov/advocacy</a>
Inspector General	<a href="http://www.sba.gov/office-of-inspector-general">www.sba.gov/office-of-inspector-general</a>
Small Business Jobs Act of 2010	<a href="http://www.sba.gov/content/small-business-jobs-act-2010">www.sba.gov/content/small-business-jobs-act-2010</a>
STARTING AND MANAGING A BUSINESS	
What is a Small Business?	<a href="http://www.sba.gov/content/am-i-small-business-concern">www.sba.gov/content/am-i-small-business-concern</a>
Thinking about starting a business?	<a href="http://www.sba.gov/category/navigation-structure/starting-managing-business/starting-business/thinking-about-starting">http://www.sba.gov/category/navigation-structure/starting-managing-business/starting-business/thinking-about-starting</a>
Local Resources	
SBA District Offices	<a href="http://www.sba.gov/about-offices-list/2">http://www.sba.gov/about-offices-list/2</a>
SBDCs	<a href="http://www.sba.gov/content/small-business-development-centers-sbdc">www.sba.gov/content/small-business-development-centers-sbdc</a>
Women's Business Centers	<a href="http://www.sba.gov/content/womens-business-centers">www.sba.gov/content/womens-business-centers</a>
SCORE Counselors	<a href="http://www.sba.gov/content/score">www.sba.gov/content/score</a>
Veterans Outreach	<a href="http://www.sba.gov/content/veterans-business-outreach-centers">http://www.sba.gov/content/veterans-business-outreach-centers</a>
Online Resources	
Lender Resources	<a href="http://www.sba.gov/lender_resources">www.sba.gov/lender_resources</a>
Online Training	<a href="http://www.sba.gov/training">www.sba.gov/training</a>
Financing Growth	<a href="http://www.sba.gov/content/financing-growth">http://www.sba.gov/content/financing-growth</a>
Explore Exporting	<a href="http://www.sba.gov/exporting">www.sba.gov/exporting</a>
LOANS AND GRANTS	
Small Business Loans	<a href="http://www.sba.gov/financialassistance">www.sba.gov/financialassistance</a>
Bonds	<a href="http://www.sba.gov/content/surety-bonds-explained">www.sba.gov/content/surety-bonds-explained</a> <a href="http://www.sba.gov/content/tax-exempt-bonds">www.sba.gov/content/tax-exempt-bonds</a>
Grants	<a href="http://www.sba.gov/content/facts-about-government-grants">www.sba.gov/content/facts-about-government-grants</a>
CONTRACTING	
Government Contracting	<a href="http://www.sba.gov/contracting">www.sba.gov/contracting</a>
Contracting Opportunities	<a href="http://www.sba.gov/contracting-opportunities">www.sba.gov/contracting-opportunities</a>
Register as a Contractor	<a href="http://www.bpn.gov/ccr/default.aspx">www.bpn.gov/ccr/default.aspx</a>
DISASTER ASSISTANCE	
Disaster Assistance	<a href="http://www.sba.gov/disaster">www.sba.gov/disaster</a>
Disaster Area Office Locations	<a href="http://www.sba.gov/about-offices-list/4">http://www.sba.gov/about-offices-list/4</a>
Response Office Locations for a Declared Disaster	<a href="http://www.sba.gov/content/current-disaster-declarations">Go to — http://www.sba.gov/content/current-disaster-declarations — and then select the disaster/affected area in question</a>
FEMA Information	<a href="http://www.fema.gov">www.fema.gov</a>

**Facebook:** [www.facebook.com/sbagov](http://www.facebook.com/sbagov)

**Twitter:** [www.twitter.com/sbagov](http://www.twitter.com/sbagov)

**YouTube:** [www.youtube.com/sba](http://www.youtube.com/sba)

**SBA National Answer Desk**

**(Toll Free) (800) 827-5722**

**Disaster Customer Service Center**

**(Toll Free) (800) 659-2955**

## Additional Performance and Financial Information

The Agency Financial Report has additional information which can be accessed at [www.sba.gov/performance](http://www.sba.gov/performance). Click on Current Agency Financial Report (AFR) - FY 2010.

Select **Management's Discussion and Analysis**, pages 5-30 to view the following:

### Analysis and Highlights of Financial Statements and Results

Highlights of Financial Results .....	page 12
Analysis of Financial Results .....	page 13
Operational Portfolio Analysis .....	page 19

### Analysis of SBA's Systems, Controls and Legal Compliance

Internal Control Environment .....	page 24
Summary of Financial Statement Audit and Management Assurances .....	page 27
Improper Payments Summary .....	page 29

Select **Financial Reporting**, pages 33-83 to view the following:

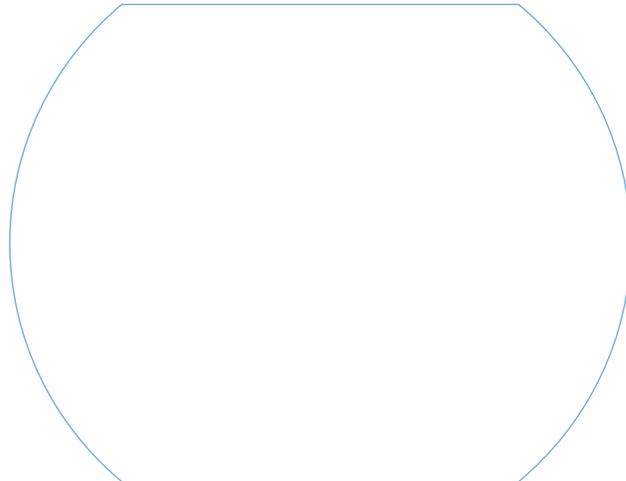
<b>Independent Auditors' Report on FY 2010 Financial Statements</b> .....	page 38
<b>Financial Statements and Notes</b> .....	page 50

Select **Office of the Inspector General**, pages 87-108 to view the following:

<b>Summary of OIG Audit Follow-up</b> .....	page 87
<b>OIG Report on the Most Serious Management and Performance Challenges</b> .....	page 89
<b>Agency Response to the OIG Report on Management and Performance Challenges</b> .....	page 108

Select **Appendix 1** to view:

<b>Improper Payments</b> .....	page 111
--------------------------------	----------





---

**U.S. Small Business Administration  
Office of Performance Management  
and Chief Financial Officer  
409 Third Street, S.W.  
Washington, DC 20416**