

## MESSAGE FROM THE ADMINISTRATOR

November 17, 2014

I am proud to present the U.S. Small Business Administration's Fiscal Year 2014 Agency Financial Report. This report details SBA's financial and high-level program performance results and provides transparency in SBA's ongoing efforts to provide meaningful assistance to America's small business entrepreneurs.



The SBA facilitates access to capital, counseling, contracting opportunities, and disaster assistance to promote, support, and grow the nation's 28 million small businesses, which create two out of three net new private sector jobs in our economy. In fiscal year 2014, the SBA rebranded its offerings as part of an Agency-wide outreach campaign that is "Smart, Bold, and Accessible." We harnessed new technology to increase access to capital, and we broadened our scope to reach more entrepreneurs from traditionally underserved neighborhoods and demographics.

SBA financial and performance data in this report are reliable and complete. Our auditors issued an unmodified opinion on our FY 2014 financial statements and found no material weaknesses.

In the pages to follow, we have highlighted some of our key accomplishments during the fiscal year. In FY 2014, the SBA supported nearly \$29 billion in lending through our 7(a) and 504 loan programs. These loans supported nearly 600,000 jobs across the country. The SBA did not receive a credit subsidy appropriation for the 7(a) loan program and relied on fees and a small amount of carryover subsidy to cover all the costs of our most popular credit offering. We accomplished this despite zeroing out fees for 7(a) loans of \$150,000 or less last October to boost loan approvals to women, minorities, veterans, and business owners in distressed urban and rural areas.

In FY 2014, we made significant progress in our ongoing efforts to modernize the Agency's capital access programs. Our goal is to move toward 100 percent electronic submission of loan applications; 95 percent of loans were submitted electronically this year. In July, we implemented a predictive credit scoring model on smaller dollar loans (\$350,000 or less) that combines a borrower's personal and business credit scores to create an underwriting system that promotes more equitable distribution of capital and speeds our response time on 7(a) loan applications. We also substantially advanced our work to fully automate the 7(a) lending application through the SBA One initiative.

The Small Business Investment Company (SBIC) Debenture program had another record year of growth. Investment funds licensed as SBICs provided nearly \$5.5 billion in capital to small businesses, a 60 percent increase over last fiscal year. In FY 2014, the SBA licensed 30 new SBIC funds, and licensing times averaged 7.4 months. This helped the SBIC program execute more than \$2.5 billion in commitments – an Agency record.

The SBA also reached an important milestone in our efforts to promote greater federal contracting opportunities for small businesses. In FY 2013, for the first time in eight years, the federal government surpassed its statutory prime contracting goal, and the Agency met its priority goal by awarding more than 23 percent of federal prime contracts to small businesses. Since FY 2011, federal agencies have awarded more than \$264 billion in federal contracts to small firms. This achievement came despite the fact that overall federal contract spending has been reduced over the past several years. In FY 2013, the federal government also exceeded its small business contracting goals for businesses owned by service-disabled veterans (3.4 percent) and businesses considered socially or economically disadvantaged (8.6 percent).

The SBA provides mentoring, business advice, and training assistance to more than 1.2 million entrepreneurs and small businesses each year. These efforts help entrepreneurs create viable business plans; acquire capital; start businesses; and gain access to federal, corporate, and international supply chains. This year, we recognized the 50th anniversary of our resource partner, SCORE, whose 11,000 volunteer business mentors have provided high quality counseling to more than 10 million small business owners over the life of the program.

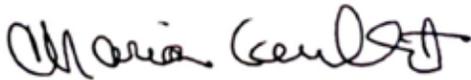
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The SBA has also made significant strides in serving our veteran entrepreneurs. In FY 2014, the SBA trained more than 15,000 transitioning service members at 165 military installations nationwide through our Boots to Business program. This program, coupled with veterans loan advantage, provides the needed support to our hardworking military service members interested in starting their own business.

In FY 2014, the SBA approved more than 6,000 disaster loans totaling \$332 million and worked 192 active declarations across the country. While our disaster assistance loan volume was down from the previous year, we continued to make strides in processing payments more quickly and efficiently. The SBA exceeded its priority goal for disaster loan applications returned, with a return rate of 69 percent. This higher application return rate means a greater number of disaster survivors received SBA's assistance in rebuilding or recovering from an economic injury. We also made process improvements by adding multiple points for disaster survivors to apply for SBA loans.

SBA services continue to be a vital resource for small businesses and an important driver of America's economic growth. In FY 2015, we plan to build upon these accomplishments to help more small businesses expand, create jobs, and help America advance on its path to a full and robust economic recovery.

Sincerely,



Maria Contreras-Sweet  
Administrator