
VSBFA

**Virginia Small Business
Financing Authority**

VIRGINIA SMALL BUSINESS FINANCING AUTHORITY

(A Component Unit of the Commonwealth of Virginia)

Management's Discussion and Analysis and
Basic Unaudited Financial Statements and Supplementary Information
for the Fiscal Years ending June 30, 2017 and 2016

VIRGINIA SMALL BUSINESS FINANCING AUTHORITY

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VIRGINIA SMALL BUSINESS FINANCING AUTHORITY

Management's Preparation and Presentation of Basic Financial Statements

For the Fiscal Years ending June 30, 2017 and 2016

Management's Responsibility for the Financial Statements

The financial statements, management discussion and notes which follow herein have not been prepared or audited by a certified public accountant. The management of the Virginia Small Business Financing Authority (the "Authority") is responsible for the preparation and presentation of these accrual based financial statements, management discussion and notes which follow and for the implementation and maintenance of internal controls relevant to the preparation and fair presentation of financial statements which are free from material misstatement, whether due to fraud or error.

In management's opinion, the financial statements, management discussion and notes presented herein present fairly, in all material respects, the financial position of the Virginia Small Business Financing Authority as of June 30, 2017 and June 30, 2016, and the changes in net position from the 2016 fiscal year-end to the 2017 fiscal year-end.

Non-GASB Compliant Financial Statements

While these statements have been prepared with generally accepted accounting principles in mind, these statements do not meet all U.S. Governmental Accounting Standards Board (GASB) requirements and therefore cannot be considered to be fully compliant with GASB.

Recent Changes in Reporting Methodology and GASB 70

The Authority made significant changes in reporting methodology during fiscal years 2015 and 2016 with regard to program funds related to the Authority's *SSBCI Cash Collateral Program* and *State Cash Collateral Program* (collectively referred to as "CCP") which the Authority began offering in 2013.

The *SSBCI Cash Collateral Program* is funded with federal funds which are subject to specific federal eligibility guidelines and regulations governing their use. Loans which do not meet these federal guidelines, but which VSBFA otherwise deems worthy of our support, may be supported with state funds through the *State Cash Collateral Program*.

- The CCP program utilizes reserve accounts at participating banks to offset potential future losses the participating bank may incur on the CCP enrolled loans. VSBFA obligates CCP reserves by committing transaction-specific collateral support - relative to a specific loan at a specific bank - for a specified period of time and up to a specified maximum amount.
- On the 2013 and 2014 Fiscal Year End financial statements, funds held in CCP Reserve Accounts were classified as *Cash Not Held with Treasurer*. This reporting methodology implied these reserve account funds were liquid and available immediately for future program use when in fact these funds had been committed for the participating bank's potential use should that bank incur a future loss on an enrolled CCP loan.
- Consequently, VSBFA made a change in reporting methodology in Fiscal 2015 in order to more accurately reflect the Authority's liquidity position and provide an accurate representation of VSBFA's support obligations under the *Cash Collateral Program*. The funds held in CCP Reserve Accounts were reclassified as Restricted Assets and an equivalent, offsetting Restricted Liability was also recorded. At that time the

Authority also classified *Cash Collateral Program* distributions made to participating banks during Fiscal 2015 as an expense and recorded a prior period adjustment of \$5.6 million to reflect the net adjustments to the Authority's Fiscal 2015 beginning net position had this reporting methodology been utilized in Fiscal 2013 and Fiscal 2014.

- During Fiscal 2016, the Virginia Department of Accounts determined that the support distributions provided under the *Cash Collateral Program* constituted a non-exchange financial guarantee under the Governmental Accounting Standards Board (GASB) Statement No. 70. The Virginia Auditor of Public Accounts subsequently provided similar guidance on this subject in early Fiscal 2017 prior to the filing of the Authority's 2016 financial reports with the Department of Accounts.
- The Department of Accounts has instructed the Authority that distributions of *Cash Collateral Program* support represents a non-exchange financial guaranty. As defined by GASB 70, a non-exchange financial guaranty is typically provided by a government for the obligations of a not-for-profit organization, a private entity, or an individual and the government providing the guarantee or support has not directly received equal or approximately equal value in exchange for that guarantee or support. Given that the *Cash Collateral Program* support was provided by the Authority to participating banks without remuneration (except for a nominal application fee) from inception of the program and for the majority of Fiscal 2017, a basis clearly exists for this determination.
- Under GASB 70, the Authority will now record a liability and related expense *only when* there is a likelihood (greater than 50% chance) that the Authority would be required to make a future payment related to a non-exchange financial guarantee, including support provided under the *Cash Collateral Program*. Consistent with GASB 70, the Authority's Fiscal 2017 financial statements continue to recognize the funds held in CCP Reserve Accounts as Restricted Assets.
- In compliance with GASB 70, the Authority's Fiscal 2017 financial statements do not reflect an offsetting liability against the funds held in the CCP Reserve Accounts as of June 30, 2017 given that there were no *Cash Collateral Program* support obligations as of that date where the Authority believed there was a likelihood that a future payment would be necessary.

VIRGINIA SMALL BUSINESS FINANCING AUTHORITY

Management's Discussion and Analysis For the Fiscal Years ending June 30, 2017 and 2016

This section of the Virginia Small Business Financing Authority's (the "Authority") annual financial report presents management's discussion and analysis of the Authority's financial performance during the fiscal years that ended June 30, 2017 and June 30, 2016. Please read the information below in conjunction with the Authority's financial statements, which follow this section. The annual financial report consists of three parts, management's discussion and analysis, the basic financial statements and the notes to the financial statements.

FINANCIAL HIGHLIGHTS

The following information represents a comparative analysis of key financial aspects of the Authority's operations between the fiscal years ended June 30, 2017 and June 30, 2016.

- The Authority received its fourth and final tranche funding in funding from the U.S. *State Small Business Credit Initiative* ("SSBCI") from the U.S. Treasury Department during Fiscal 2017. This fourth tranche of funding was relatively insignificant (\$81,2013) compared with the previous tranches and was not originally anticipated to be distributed by the U.S. Treasury. These funds represented a reallocation of unused SSBCI funding which the U.S. Treasury provided to those participating states which had utilized their original allocation in its entirety.
- The Authority's *Cash Collateral Program* continued to enjoy strong demand statewide until midway during Fiscal 2017 when demand for the program finally exceeded the SSBCI *Cash Collateral Program's* available cash. At that time, the Authority established a waiting list for qualified SSBCI *Cash Collateral Program* applicants and approved SSBCI CCP applications are now being funded as program cash becomes available.
- As a result of the program's high demand and limited SSBCI cash, SSBCI *Cash Collateral Program* support distributions fell by 24.3% to \$3,900,249 during Fiscal 2017 from \$5,154,542 in Fiscal 2016.
- As of June 30, 2017 there were 32 banks actively enrolled and participating in the *Cash Collateral Program*. The number of participating CCP banks was affected during Fiscal 2017 by mergers of the following banks, each of which previously participated in the CCP program: the merger of Access National Bank and Middleburg Bank, the merger of Blue Ridge Bank and River Community Bank and the merger of Xenith Bank and the Bank of Hampton Roads.
- At the 2017 fiscal year-end, VSBFA had \$13,677,364 in SSBCI CCP reserves as of June 30, 2017 – an increase of 16% when compared with \$11,844,733 in SSBCI reserves at June 30, 2016. Total CCP reserves (SSBCI and State CCP) were \$15,322,501 as of June 30, 2017, compared with \$13,713,307 as of June 30, 2016. Balances in the CCP reserve accounts are affected by additions of new *Cash Collateral Program* support and by "claw back" withdrawals which are routinely done as supported loans repay in part or in full.
- At the 2017 fiscal year-end, VSBFA had \$1,645,1376 in State CCP reserve accounts – compared with \$1,878,574 at the 2016 year-end, which represents a decline of 12%. The Authority is not actively pursuing additional State CCP transactions, and therefore, it is anticipated that State CCP reserve balances will continue to decline as the Authority "claws back" the collateral support as the supported loan repay.
- The Authority's net direct loans fell from \$12,030,715 as of June 30, 2016 to \$9,009,570 as of June 30, 2017, a decrease of 25%. A significant majority of the \$4.4 million decline can be attributed to the repayment of two loans in the Authority's *Economic Development Loan Fund Program*.
- Total operating revenues for the Authority declined from \$1,823,065 in Fiscal 2016 to \$1,395,110 in Fiscal 2017, a decline of 23%. Total operating revenues in 2016 were higher than usual as the result of a \$315,8456 recovery made during 2016 on an *Economic Development Loan Fund* which had been previously charged off.

- Total Assets for the Authority increased by \$456,006, less than 1%, from \$54,150,004 as of June 30, 2016 to \$54,606,010 as of at June 30, 2017.
- Federal funding from the *State Small Business Credit Initiative* is now the sole source of funding for the Authority's *SSBCI Capital Access Program*. During Fiscal 2017, the Authority distributed \$25,912 to banks for the purpose of extending credit enhancement support through the *SSBCI Capital Access Program* (SSBCI CAP) compared with \$89,810 which was distributed in all CAP programs during Fiscal 2016. All loans accepted for enrollment under the Authority's *SSBCI Capital Access Program* must meet all federal eligibility guidelines and regulations. The Authority's now inactive *Virginia Capital Access Program* and *Tobacco Capital Access Program* continue to support outstanding loans previously enrolled by participating banks; however, these programs are no longer accepting new loan enrollments as both programs were discontinued during Fiscal 2016 due to a lack of continued funding.
- Fee income generated from the Authority's financing programs (including application fees and program fees) and from fees associated with bond issuances increased slightly from \$946,449 in Fiscal 2016 to \$985,519 in Fiscal 2017. The Authority's revenue from bond issuances typically varies from year-to-year, since demand for issuance of these bonds is driven a number of external factors, including the U.S. Internal Revenue Service (IRS) regulations governing their use and by conditions within the U.S. capital markets. The Authority's revenue from bond issuance is also affected by other factors, including the repayment of bonds in the Authority's existing portfolio. (The Authority's bond fees are based on the outstanding principal balance of the bonds, and consequently, this revenue declines as the principal balance on outstanding bonds are repaid.) Bond fee revenue for the Authority is also impacted by the Memorandum of Understanding which the Authority voluntarily entered into in March 2012. Under this Memorandum of Understand, the Authority agreed to share 40% of its bond fee revenue from non-profit bond issuances with those localities where the bond project is located.
- The Authority's agreement with the federal Economic Development Administration (U.S. Department of Commerce, "EDA") requires that the Authority lend or commit 85% of the EDA *American Safety Razor Fund* and 75% of both the *Craddock-Terry RLF* and *Defense Conversion* funds which the Authority utilizes to provide direct loans through its *Economic Development Loan Fund* ("EDLF") program. Having not met that federal requirement, the Authority has been required to sequester cash from the program since February 2016. During a period of sequestration, the Authority must remit all interest earned on the sequestered funds to EDA. As of June 30, 2017, the Authority had approximately \$7.5 million in sequestered EDA funds. As of the Fiscal 2017 year-end, the Authority also had outstanding EDLF loan commitments of \$3.7 million. In August 2017, the Authority subsequently approved an additional \$3.5 million in EDLF loan commitments for a total of \$7.2 million in outstanding and unfunded EDLF loan commitments which are expected to require funding within the next 12 to 18 months. Consequently, the Authority anticipates making a formal request to EDA in the near future to remove these funds from sequestration as the Authority expects to need all currently sequestered EDA funds for upcoming disbursements.
- The Authority entered into a Memorandum of Understanding ("MOU") in 2014 with the Center for Innovative Technology ("CIT") which ultimately provided approximately \$3 million in SSBCI funding from 2014 to 2017 for use in CIT's Gap Fund, the Commonwealth's Venture Capital fund. During Fiscal 2017, the Authority provided \$182,468 in remaining SSBCI funding (allocated for this purpose) to CIT for qualified SSBCI investments.
- In September 2017, the Authority's Executive Director left the Authority after a seventeen-year career to join the Virginia Economic Development Partnership. The Authority's Chief Credit Officer will serve as Interim Executive Director until a permanent replacement is named.

VIRGINIA SMALL BUSINESS FINANCING AUTHORITY

Management's Discussion and Analysis For the Fiscal Years ending June 30, 2016 and 2015

This section of the Virginia Small Business Financing Authority's (the "Authority") annual financial report compares the Authority's financial performance during the fiscal years that ended June 30, 2016 and June 30, 2015.

FINANCIAL HIGHLIGHTS

The following information represents a comparative analysis of key financial aspects of the Authority's operations between the years ended June 30, 2016 and June 30, 2015.

- The Authority's *Cash Collateral Program* continued to enjoy strong demand statewide throughout 2016. Usage among participating *Cash Collateral Program* banks increased during 2016 and at the 2016 fiscal year-end, VSBFA had \$13,713,307 in total SSBCI and State CCP reserve accounts at participating *Cash Collateral Program* banks, compared with \$9,982,399 in SSBCI and State CCP reserve accounts at the 2015 fiscal year-end.
- Total assets for the Authority decreased slightly from \$54,968,923 as of June 30, 2015 to \$54,150,004 as of June 30, 2016.
- The Authority made a significant change in reporting methodology as of our June 30, 2015 year-end in order to more accurately reflect our liquidity position in the SSBCI *Cash Collateral Program* and State *Cash Collateral Program*. Effective June 30, 2015, the Authority reclassified all SSBCI CCP and State CCP funds held in CCP reserve accounts from *Cash Not Held with Treasurer* to *Restricted Assets*, resulting in Total Restricted Assets of \$14,879,825 as of June 30, 2016, which compared with \$10,667,144 as of June 30, 2015. Balances in the CCP reserve accounts are affected by additions of new *Cash Collateral Program* support and by "clawback" withdrawals which are routinely done as supported loans repay in part or in full.
- During Fiscal 2016, the Authority distributed \$5,665,543 to banks for the purpose of extending credit enhancement support through the SSBCI *Cash Collateral Program* and the State *Cash Collateral Program*. During Fiscal 2015, collateral support provided through the SSBCI *Cash Collateral Program* and the State *Cash Collateral Program* totaled \$4,127,671.
- Fee income from the Authority's program income and bond issuances increased 14% from \$827,050 in 2015 to \$946,449 in Fiscal 2016, following a decline in these revenues from 2013 to 2014.
- In 2014, the VSBFA entered into a Memorandum of Understanding (MOU) with the Center for Innovative Technology (CIT) to provide funding from the Authority's SSBCI funds for CIT's Gap Fund, the Commonwealth's venture capital fund. The Authority's agreement with CIT allowed CIT to utilize approximately \$3 million in SSBCI funding to make debt or equity investments in Virginia small technology businesses for purposes which are compliant with U.S. Treasury SSBCI policies and guidelines.

VIRGINIA SMALL BUSINESS FINANCING AUTHORITY

For the Fiscal Years Ending June 30, 2015 through June 30, 2017

FINANCIAL ANALYSIS OF THE AUTHORITY

The following table summarizes select financial information regarding the Authority's operations as of the dates and for the periods indicated:

	6/30/2017	6/30/2016	6/30/2015	% change 2016 vs 2017	% change 2015 vs 2016
Cash	\$16,844,944	\$14,999,792	\$17,843,688	11%	(16%)
Investments	\$12,249,937	\$12,221,382	\$12,982,897	(.2%)	(6%)
Loans receivable (net)	\$9,009,570	\$12,030,715	\$13,426,321	(25%)	(10%)
Restricted Assets (CCP and CAP reserve accounts)	\$16,484,281	\$14,879,825	\$10,667,144	11%	39%
Other assets	\$17,278	\$18,290	\$48,873	(6%)	(63%)
Total assets	\$54,606,010	\$54,150,004	\$54,968,923	1%	(2%)
Obligations under Securities Lending Program	0	\$63,294	\$364,211	(100%)	(83%)
Support Obligations under CAP, & Other programs *	\$1,161,780	\$1,166,846	\$1,133,358	(.4%)	3%
Other Liabilities	\$105,041	\$72,731	\$36,970	44%	97%
Total liabilities	\$1,266,821	\$1,302,871	\$1,534,539	(3%)	(15%)
Net Assets	\$53,339,189	\$52,847,133	\$53,434,384	1%	(1%)

* Restated as appropriate to comply with current guidance from Department of Accounts

Net Assets	2017	2016
Restricted	\$45,933,899	\$44,233,501
Unrestricted	\$7,405,290	\$8,613,632
Total Net Assets	\$53,339,189	\$52,847,133

Description of Net Assets – The Authority's Net Assets are reported on the Statement of Net Assets. The Authority has Restricted Assets and Unrestricted Assets as described below:

1. Restricted These net assets represent funds that have been received by the Authority for specific financing programs from various funding sources, including: the federal government, the state government for use in conjunction with certain federal grants, funds which are administered by the Authority on behalf of other state agencies, funds which are restricted by federal grants or by state legislation, and funds that are restricted due to commitments, deficiency guaranties and loan portfolio insurance agreements that represent legal obligations of the Authority to the respective banks.

Federally restricted net assets managed by the Authority are the *Child Care Financing Program*, the *State Small Business Credit Initiative - U.S. Treasury*, and the *Federal Economic Development Loan Fund - U.S.*

Economic Development Administration. As of June 30, 2017, the Net Assets under these programs are \$3,744,708, \$14,732,157 and \$19,179,447 respectively totaling \$37,656,312.

State net assets are "restricted" by deficiency guaranties, guaranty commitments, loan commitments, outstanding checks issued by the Authority and accrued payroll. The state restricted net assets at June 30, 2017 totaled \$8,277,587 which included \$7,937,026 in outstanding *Loan Guaranty Program* guaranties, \$235,520 in outstanding *Loan Guaranty Program* commitments, and \$105,041 in outstanding checks and accrued payroll.

2. Unrestricted As of June 30, 2017, unrestricted net assets totaled \$7,405,290, which include VSBFA operating/LGP (\$707,184), State EDLF & State CCP (\$4,749,413), Microloan (\$1,781,224), SWaM (\$798), VCAP (\$20), ECAF (\$52,508), TCAP (\$114,123) and PACE (\$20).

VIRGINIA SMALL BUSINESS FINANCING AUTHORITY

Statements of Revenues, Expenses and Changes in Net Assets

For the Fiscal Years Ending June 30, 2016 and June 30, 2017

	2017	2016 *	% change 2016 to 2017
Operating revenues:			
Interest on loans receivable	\$400,263	\$455,175	(12%)
Charges for sales and service	\$985,519	\$946,449	4%
Other (including recoveries)	\$9,328	\$421,441	(98%)
Total operating revenues	\$1,395,110	\$1,823,065	(23%)
Operating expenses:			
Personal services	\$687,902	\$665,634	3%
Contractual Services	\$13,833	\$26,215	(47%)
Supplies	\$3,887	\$695	460%
Equipment	\$0	\$705	(100%)
Distributions (<i>Capital Access Program</i> fee matching distributions)	\$25,911	\$89,810	(71%)
Other (including charge-offs and miscellaneous)	\$123,706	\$999,810	(88%)
Allowance for Bad Debt	\$183,868	\$245,525	(25%)
Total operating expenses	\$1,039,107	\$2,028,394	(49%)
Net operating income (loss)	\$356,003	(\$205,329)	
Non-operating revenues:			
Interest income	\$160,182	\$110,769	45%
Other	(\$1,446)	\$128,541	(101%)
Total Non-Operating Revenue (Expenses)	\$158,736	\$239,310	(34%)
Net Income before transfers	\$514,739	\$33,981	1,414%
Transfers			
Net Operating transfers (including intrafunds)	\$47,944	(\$4,234,440)	99%
Transfer in from U S Treasury SSBCI program	\$81,203	-0-	100%
Transfers out to CIT	(\$182,467)	(\$839,992)	78%
Total net transfers	(\$53,320)	(\$5,074,432)	99%
Change in net assets	\$461,419	(\$5,040,451)	(92%)

* Restated as appropriate to comply with current guidance from Department of Accounts

VIRGINIA SMALL BUSINESS FINANCING AUTHORITY
Notes to Financial Statements
June 30, 2017 and 2016

(1) Organization and Summary of Significant Accounting Policies

(a) Organization

The Virginia Small Business Financing Authority was created by the Virginia General Assembly in 1984 as a public body corporate and a political subdivision of the Commonwealth of Virginia. The Authority is governed by an eleven-member board, appointed by the Governor of the Commonwealth of Virginia on rolling terms. The Authority's major activities are to provide financial assistance to businesses in the Commonwealth through bond issuances, direct loans, loan guaranties, portfolio loan loss reserves, and other assistance.

For financial reporting purposes, the Authority is a component unit of the Commonwealth of Virginia. The accounts of the Authority and other Authority-administered state and federal funds, are combined to form the Component Unit - Proprietary Funds of the Commonwealth of Virginia. The financial statements of the Authority include the activities of the *SSBCI Cash Collateral Program*, the *SSBCI Capital Access Program* and the *SSBCI EDLF Program* which are all funded through the State Small Business Credit Initiative through the U.S. Treasury, the *Child Care Financing Program* direct loan program, the U.S. Department of Commerce - Economic Development Administration funded *Economic Development Loan Fund* direct loan program, a VSBFA funded *Economic Development Loan Program* direct loan program, a VSBFA funded *Cash Collateral Program*, the *Small Business Environmental Compliance Assistance Fund* direct loan program, the *Small Business Micro Loan Program* direct loan program, the *Small Business Growth Fund* (also known as the *Virginia Capital Access Program*), the *Southside Tobacco Region Capital Access Program*, the *Industrial Development Bond Program*, and the *Loan Guaranty Program*, which are described in more detail in Section (2).

(b) Basis of Accounting

The Authority utilizes the accrual basis of accounting in preparing its financial statements where revenues are recognized when earned and expenses when incurred. The accounts are organized on the basis of funds, which are set up in accordance with the authorizing act, the various grants, and agreements between the Authority and the other state agencies.

(c) Conduit Debt Obligations

From time to time, the Authority has issued Industrial Revenue Bonds to provide financial assistance to private sector entities for the acquisition and construction of industrial and commercial facilities deemed to be in the public interest. The bonds are secured by the property financed and are payable solely from payments received on the underlying mortgage loans. Upon repayment of the bonds, ownership of the acquired facilities transfers to the private sector entity served by the bond issuance. Neither the Authority, the State, nor any political subdivision thereof is obligated in any manner for repayment of the bonds. Accordingly, the bonds are not reported as liabilities in the accompanying financial statements.

(d) Loans Receivable

Loans receivable are stated at their unpaid principal balance, less an allowance for loan losses. The interest method is computed on a loan-by-loan basis, but is typically on the basis of actual days/365.

(e) Allowance for Loan Losses

There will be a discussion of loan losses, if any, under each direct loan program discussion. If actual charges-offs exceed this amount, the Authority will increase the allowance.

For the direct loan programs, receivables are charged-off when a 120-day delinquency is reached and we determine that repayment is deemed highly unlikely. For non-bankruptcy cases, the Authority's collections are sent to the OAG for collection and debts are reported as required under the Debt Set-Off Program.

Based upon the nominal losses incurred from the *Loan Guaranty Program* over the Authority's thirty-two year history, the Authority has determined that a loss reserve of 2% of our notes receivable is appropriate. This is due to the fact that our loan portfolios have continued to perform better than one would expect for a government lending program. In addition, if a loan is deemed at risk under the *Loan Guaranty Program*, the Authority will deduct the full amount of the principal balance from the guaranty capacity calculation in order to account for any potential loss from that specific transaction.

Funds distributed to banks through the Authority's CAP programs (including the *SSBCI CAP*, *VCAP*, and *TCAP* programs) fund an actual loan loss reserve account at the participating banks. By virtue of the nature of these programs, the Authority's liability is limited to funds distributed; consequently, no additional allowance for loan losses is required for these programs.

(f) Compensation

Compensation for all employees of the Authority is based upon the Commonwealth's compensation plan for state employees. The Executive Director is an employee of the Commonwealth and is non-restricted. The remaining staff members are employees of the Authority and are "restricted" in that their employment and compensation are tied to the various funds administered by the Authority. Compensation expense is charged to several of the programs that allow for such administrative costs.

(g) Retirement Plans

Employees of the Authority participate in a defined benefit pension plan administered by the Virginia Retirement System (VRS). The VRS also administers life insurance and health related plans for employees. Information relating to these plans is available at the statewide level only in the Commonwealth of Virginia's Comprehensive Annual Financial Report (CAFR). The Commonwealth, not the Authority, has overall responsibility for contributions to these plans.

(h) Compensated Absences

Authority employees are granted vacation and sick pay in varying amounts as services are provided. Employees may accumulate, subject to certain limitations, unused vacation and sick pay earned and, upon retirement, termination or death, may be compensated for certain amounts at their then current rates of pay. The amount of vacation and sick pay recognized as expense is the amount earned each year.

(2) Description of Account and Fund Groups

(a) The Industrial Development Bond Program

The Authority is a conduit issuer of tax-exempt and taxable Industrial Development Revenue Bonds to provide creditworthy businesses with access to long-term, fixed asset financing for new and expanding manufacturing facilities and exempt projects, such as

solid waste disposal facilities. During fiscal 2003, the Authority was given the legislative authority to issue bonds for qualified 501c3s for projects such as hospital expansions and college and university foundations. The repayment of the Authority issued bonds is the responsibility of the respective for-profit or 501 (c)(3) not-for-profit entity and the financing of such bonds is provided by the private sector and not provided by the Authority or the Commonwealth. Neither the Authority nor the Commonwealth guarantee payment and, as described in Section 9-221 of the Code of Virginia, no bonds issued by the Authority constitute a debt, liability, or general obligation of the Commonwealth.

The Authority charges an annual administrative fee based upon the outstanding principal amount of the bonds it has issued, payable on each anniversary date of the closing of the bond issue. Such fees may vary upon the amount and type of issuance, but typically the issuance fee for a for-profit entity is one-eighth of one percent annually on the then outstanding principal balance of the loan supporting the bond. For bonds issued on behalf of 501c3 non-profit organizations the annual fee is one-tenth of one percent annually on the then outstanding principal balance of the loan supporting the bond, with a cap of \$250,000.

Per an agreement with certain localities of the Commonwealth, the Authority shares 40% of its bond fee revenue generated from 501 (c)(3)'s with all localities in Virginia. The Authority collects the full amount of the fee due from the 501 (c)(3) and then calculates the appropriate amount due to the localities on a pro-rata basis based on the amount of the issuance per locality. The Authority then pays the amount due to the locality per the agreement. The remaining monies collected are retained in the Authority's operating account and are used to support loan programs for the Authority and administrative costs, including staff salaries.

In 2009 the VSBFA's legislation was amended to expand the definition of "Business Enterprise to include any *entity acquiring, constructing, improving, maintaining, or operating a qualified transportation facility under the Public-Private Transportation Act of 1995 (§ 56-556 et seq).*" In the 2013-2014 budget and again in the 2015-2016 budget there was language that references an agreed upon fee structure for a road project financed by a bond that was approved by the VSBFA this year. It states: *"For the I-95 HOV/HOT Lanes project as evidenced by the Comprehensive Agreement approved pursuant to the Public-Private Transportation Act of 1995, the maximum fee and/or premium charged by the Virginia Small Business Financing Authority pursuant to §§ 2.2-2291 and 2.2-2285, Code of Virginia, for acting as the conduit issuer for any bond financing is not to exceed \$25,000 per annum."* We expect this budget language to continue for future budgets.

See attached Trial Balance Bond Report for a listing of outstanding bonds issued by the Authority.

(b) VSBFA Operating Fund/Loan Guaranty Program/Microloan Program/State EDLF/State Cash Collateral Program

Net Assets totaling \$13,968,292 are divided into four separate loan funds, in addition to the operating funds of the VSBFA.

The **Loan Guaranty Program** provides guaranties up to the lesser of \$750,000 or 75% of lines of credit and term loans. This program was funded by \$900,000 of the initial \$1,000,000 appropriation received by the Authority in 1984. In 2002 and again in 2004, \$500,000 and \$600,000 respectively were transferred from the state Economic Development Loan Fund to provide for continued funding of the program. In Fiscal 2007, Fiscal 2011 and Fiscal 2012 the Virginia General Assembly provided additional funding of \$1,250,000, \$1,000,000 and \$5,000,000 respectively. As of June 30, 2017 there were \$7,937,026 in outstanding guaranties and \$235,520 in commitments under the **Loan Guaranty Program**. The Authority had one claim payment under the program during Fiscal

2017 of \$122,099. The Authority charges an upfront guaranty fee of 1.5% of the guaranteed portion of the loan.

The **Microloan Program** had net outstanding loans of \$1,150,700 as of June 30, 2017 and no outstanding loan commitments. Allowance for Doubtful Accounts for the *Microloan Program* at the 2017 year-end were \$23,484. The program had no charge-offs for the 2017 fiscal year.

The **State Economic Development Fund** had \$960,942 net outstanding loans and no outstanding commitments at the 2017 year-end. Allowance for Doubtful Accounts for the *State Economic Development Fund* at the 2017 year-end was \$19,611. There were no charge-offs in this program during the 2017 fiscal year.

The **State Cash Collateral Program** (State CCP) is a collateral support program, supporting eligible loans at participating banks that have a deficiency in collateral. Loans that are deemed ineligible for participation in the *State Small Business Credit Initiative* CCP, but still deemed eligible for funding from VSBFA funds are funded through this program. At the 2017 year-end the Authority had State Cash Collateral Program reserve account balances of \$1,645,137. These cash collateral deposits are on deposit at participating lenders in accounts owned by the VSBFA. They are considered public funds.

As of June 30, 2017 VSBFA had \$26,393 in outstanding checks and \$78,648 in accrued payroll and benefits.

In the current budget there is language that was intended to expand our ability to provide guaranties. The budget language states *"The Virginia Small Business Finance Authority is authorized to insure additional loans for eligible small businesses, pursuant to § 2.2-2290, Code of Virginia, up to an aggregate amount not to exceed four times the principal amount in the Insurance or Guarantee Fund, or up to an aggregate amount of \$15,000,000, whichever is less. In the event that the authority is called upon to pay on guaranties of loans of more than 10 percent of the aggregate amount of all outstanding insured loans, the authority shall not insure any further loans and shall immediately notify the Governor and the Chairmen of the House Appropriations and Senate Finance Committees. Pursuant to § 4-1.03.5 of this act, the Director, Department of Planning and Budget, is authorized to transfer a sum sufficient to the Insurance or Guarantee Fund in the event the amount in the fund falls below the amount needed to honor any guarantee."* This change was intended to allow the Authority to once again market the program at a more significant level and provide for additional guaranties to help more small businesses. The "whichever is less" language was inserted in error and must be corrected in order to accomplish the intended goal.

This program's funds are carried under the Authority's operating account which also receives the income from the bond program. Earnings from the bonds and the continued funding from the Virginia General Assembly have enabled the Authority to provide the capital for the *Loan Guaranty Program*, the *State EDLF* and *Cash Collateral Program*, the *Microloan Program* and formerly, for the *Virginia Capital Access Program* (VCAP).

(c) State Small Business Credit Initiative

On August 15, 2011, the Authority entered into an agreement with the U.S. Treasury to accept Virginia's allocation of the money available under the State Small Business Credit Initiative (SSBCI). The Authority has now received \$18,034,394 in four funding tranches, the last of which was received in December 2016. Under the SSBCI program, the Authority currently offers a *Cash Collateral Program* and the *SSBCI Capital Access Program*. The Authority offered a venture fund in partnership with Virginia's Center for Innovative Technology (CIT) until late in Fiscal 2017 when the Authority's allocation for program that was exhausted. All of the federal dollars are Restricted.

(d) Child Care Financing Program

This program is funded by a federal Child Care and Development Block Grant received by the Virginia Department of Social Services (“VDSS”). Under a Memorandum of Agreement with VDSS, the Authority is charged with administering the *Child Care Financing Program*. Administrative duties include development of the program, including the amounts and terms of such loans, processing loan applications, closing and funding of loans, marketing the loan program, billing and collecting of payments and servicing the loan portfolio, including initial collection efforts for delinquent loans. The *Child Care Financing Program* offers regulated childcare providers low-interest installment loans to fund quality enhancement projects or projects to meet or maintain state or local child care requirements, including health, safety and fire codes. A provider must be either a family day provider or operate a child care center. Loan repayments flow back into the fund to be used to fund future loans and the operating expenses to administer the program. As such, the net assets of this fund are Restricted due to the restraints imposed by the federal grant (GASBS #34) and the MOA mentioned above. At June 30, 2017 net loans receivable totaled \$428,162 and the Authority had \$0 in outstanding loan commitments. Allowance for Doubtful Accounts as of the 2017 year-end was \$8,738 and there were no charge-offs for the 2017 year.

(e) Federal Economic Development Loan Fund

The *Federal Economic Development Loan Fund* provides direct loans generally up to \$1,000,000 to bridge the gap between private debt financing and private equity for projects that will result in job creation or retention. (The Authority considers larger loan limits depending on the project, the strength of the borrower and the distress level of the locality in which the project is located.) The *Defense Conversion Revolving Loan Fund* provides loans up to \$1,000,000 to assist defense-dependent companies seeking to expand into commercial markets and diversify their operations. Loans can be made to Virginia businesses and to economic development authorities.

In an effort to assist our distressed communities, the amount and terms of the loans can be higher and less restrictive for economic development authorities located in highly distressed areas of the Commonwealth. The EDLF was capitalized by three U.S. Economic Development Administration (EDA) grants and the required state matching funds, which are restricted to this fund to be in compliance with the original terms and conditions of the EDA grants. The monies in this program are *non-general funds*. Net loans receivable totaled \$6,292,699 at June 30, 2017 and there were \$3,699,675 in outstanding loan commitments. Allowance for Doubtful Accounts was \$128,422 at June 30, 2017 and there were no charge-offs during 2017. The net assets in this fund are Restricted due to the restraints imposed by the federal grant.

(f) Small Business Environmental Compliance Assistance Fund

This program was funded by the Department of Environmental Quality (DEQ). The Authority administers the Fund for DEQ pursuant to a tri-party cooperative agreement which was executed between the Authority; the former Department of Business Assistance, and DEQ. Under this agreement the Authority is charged to administer the Fund, which currently includes billing, and collection of the one remaining loan. As of December 2015, the program has been discontinued and the cash is periodically transferred back to DEQ as funds are collected. The Authority will continue to service two remaining outstanding loans until paid in full. The Authority and DEQ have agreed to transfer collections from these remaining loans prior to each fiscal year-end until the one remaining loan has been paid in full. The Net Loans Receivable as of June 30, 2017 were \$44,445 and there were no outstanding loan commitments. Allowance for Doubtful Accounts was \$907 and there were no charge-offs during 2017 in this program.

(g) Small Business Growth Fund aka Virginia Capital Access Program

The Virginia Small Business Growth Fund, also known as the Authority's *Virginia Capital Access Program* (VCAP), provides a form of loan portfolio insurance for participating banks through special loan loss reserve accounts which are funded by loan enrollment premiums paid by the bank/borrower and matched by the Authority from the Fund. The monies in these loan loss reserve accounts are available to cover losses on loans enrolled by the participating bank. Since its inception, this program has been capitalized by state general fund appropriations, and by funds generated internally by the Authority. The total balance of the loan loss reserve accounts at participating banks at Fiscal 2017 year-end was \$179,535. The balances in the reserve accounts are Restricted by the enabling legislation and the terms and conditions of the participating agreements executed by the Authority and the participating banks. New enrollments for this program are no longer being accepted but the reserve account balances continue to support the loans which remain enrolled in the program.

(h) Tobacco Southside Region Capital Access Program

The *Tobacco Capital Access Program* (TCAP) provides a form of loan portfolio insurance for participating banks through special loan loss reserve accounts, which were funded by loan enrollment premiums paid by the bank/borrower and matched by the Authority from the Fund. The TCAP program was discontinued effective November 16, 2015. At Fiscal 2017 year-end, there was \$436,490 in the TCAP reserve accounts. The balances in the TCAP reserve accounts are Restricted by the constraints placed upon the fund by the Tobacco Commission, the terms and conditions outlined in the Tri-party MOA which created the program, and the terms and conditions of the participating agreements executed by the Authority and the participating banks. New enrollments for this program are no longer being accepted but the reserve account balances continue to support the loans which remain enrolled in the program.

(3) Loans Receivable

Substantially all loans receivable are secured by liens on business assets of the borrower or personal assets of the guarantor(s), and by the personal guaranties of all majority business owners. Rates and terms vary depending upon the program and the market rates at the time of loan closing.

(4) Cash and Investments

Cash includes cash on hand and amounts in checking accounts not held by the state Treasurer are insured by the Federal Depository Insurance Corporation or are collateralized under provisions of the Virginia Security for Public Deposits Act, Section 2.2-4400 et.seq. of the Code of Virginia (a multiple financial institution collateral pool). Under the Act, banks holding public deposits in excess of the amounts insured by FDIC must pledge collateral in the amount of 50% of excess deposits to a collateral pool in the name of the State Treasury Board. Deposits covered by the Act are considered insured since the Treasury Board is authorized to make additional assessments. Generally, the immediate operating cash in the VSBFA fund (Bond, loan program and LGP) and the *Child Day Care Financing Program* are on deposit at Wells Fargo in an amount sufficient to cover service charges and expected loan disbursements. Funds which are not expected to be needed for operating purposes in the immediate future are held in three separate LGIP accounts. All other funds are invested with the Treasurer of Virginia.

(5) Securities Lending Transactions

As June 30, 2017, the State Treasury's securities lending program had been discontinued and there were no cash equivalent balances associated with the program at this date. Information related to the credit risk of these investments and the State Treasury's securities lending program is available on a statewide level in the Commonwealth of Virginia's Comprehensive Annual Financial Report.

(6) Relationships with the Department of Small Business and Supplier Diversity

The Authority is a division of the Virginia Department of Small Business and Supplier Diversity (“DSBSD” and “the agency.”) While staff salaries and certain administrative expenses are paid from the Authority’s operating and program funds, the Authority receives its computer equipment and information technology services, as well as certain administrative and overhead support – including office space - from the agency. The Executive Director of the Authority is appointed by the Director of the Department of Small Business and Supplier Diversity in accordance with Section 9-204 of the Code of Virginia. The Director of the Department of Small Business and Supplier Diversity is a voting ex-officio member of the Authority’s Board.

(7) Surety Bond

The Executive Director of the Authority was covered by a Faithful Performance Duty Bond administered by the Commonwealth of Virginia’s Department of General Services, Division of Risk Management with liability limits of \$500,000 for each occurrence.

Trial Balance Report By GL Code
Virginia Small Business Financing Authority-Bonds
Accumulated Through 6/30/2017

Customer ID Facility ID Loan ID	Officer Branch Customer Name	GL Code Loan Type	Active Maturity Revlr Cd	Day Code Perf Status Rate Code	Fixed Base Spread Rate	Principal Bal Interest Late Fee	Accruing Bal Interest MTD Daily Accrual	Commitment Available Original Commit
FSD108811 001 31100630	MaryJo BONDS Bon Secours Health System Inc/Oblig	501C3 Interest Only	10/19/2010 11/1/2042 C	Actual/365 Performing 001	0.0000000000 0.0000000000 0.0000000000	\$40,740,000.00 \$0.00 \$0.00	\$40,740,000.00 \$0.00 \$0.00	\$40,740,000.00 \$0.00 \$325,000,000.00
FSD077108 001 30900475	Linda BONDS Carilion Clinic	501C3 Interest Only	7/16/2008 7/1/2042 C	Actual/365 Performing 001	0.0000000000 0.0000000000 0.0000000000	\$50,000,000.00 \$0.00 \$0.00	\$50,000,000.00 \$0.00 \$0.00	\$160,000,000.00 \$0.00 \$175,000,000.00
FSD077108 001 30900480	Linda BONDS Carilion Clinic	501C3 Interest Only	7/16/2008 7/1/2042 C	Actual/365 Performing 001	0.0000000000 0.0000000000 0.0000000000	\$110,000,000.00 \$0.00 \$0.00	\$110,000,000.00 \$0.00 \$0.00	\$160,000,000.00 \$0.00 \$175,000,000.00
FSD540506321 002 31300730	MaryJo BONDS Children's Hospital of Kings Daughter	501C3 Interest Only	9/19/2012 1/1/2023 C	Actual/365 Performing 001	0.0000000000 0.0000000000 0.0000000000	\$65,141,942.58 \$0.00 \$0.00	\$65,141,942.58 \$0.00 \$0.00	\$65,141,942.58 \$0.00 \$76,400,000.00
FSD540506321 003 31600825	MaryJo BONDS Children's Hospital of Kings Daughter	501C3 Interest Only	12/1/2015 3/1/2045 C	Actual/365 Performing 001	0.0000000000 0.0000000000 0.0000000000	\$45,500,000.00 \$0.00 \$0.00	\$45,500,000.00 \$0.00 \$0.00	\$45,500,000.00 \$0.00 \$100,000,000.00
FSD588610 001 31000535	MaryJo BONDS Church Schools in the Diocese of Virg	501C3 Interest Only	1/1/2010 1/1/2035 C	Actual/365 Performing 001	0.0000000000 0.0000000000 0.0000000000	\$9,956,645.00 \$0.00 \$0.00	\$9,956,645.00 \$0.00 \$0.00	\$14,156,315.00 \$0.00 \$60,000,000.00
FSD588610 001 31000540	MaryJo BONDS Church Schools in the Diocese of Virg	501C3 Interest Only	1/1/2010 1/1/2035 C	Actual/365 Performing 001	0.0000000000 0.0000000000 0.0000000000	\$3,564,145.00 \$0.00 \$0.00	\$3,564,145.00 \$0.00 \$0.00	\$14,156,315.00 \$0.00 \$60,000,000.00
FSD588610 001 31000545	MaryJo BONDS Church Schools in the Diocese of Virg	501C3 Interest Only	1/1/2010 5/1/2020 C	Actual/365 Performing 001	0.0000000000 0.0000000000 0.0000000000	\$635,525.00 \$0.00 \$0.00	\$635,525.00 \$0.00 \$0.00	\$14,156,315.00 \$0.00 \$60,000,000.00
FSD588610 002 31000555	MaryJo BONDS Church Schools in the Diocese of Virg	501C3 Interest Only	12/1/2009 12/1/2031 C	Actual/365 Performing 001	0.0000000000 0.0000000000 0.0000000000	\$4,404,558.13 \$0.00 \$0.00	\$4,404,558.13 \$0.00 \$0.00	\$12,921,416.13 \$0.00 \$28,829,906.00

Trial Balance Report By GL Code
Virginia Small Business Financing Authority-Bonds
Accumulated Through 6/30/2017

Customer ID Facility ID Loan ID	Officer Branch Customer Name	GL Code Loan Type	Active Maturity Revlr Cd	Day Code Perf Status Rate Code	Fixed Base Spread Rate	Principal Bal Interest Late Fee	Accruing Bal Interest MTD Daily Accrual	Commitment Available Original Commit
FSD588610 002 31000560	MaryJo BONDS Church Schools in the Diocese of Virg	501C3 Interest Only	12/1/2009 1/1/2030 C	Actual/365 Performing 001	0.0000000000 0.0000000000 0.0000000000	\$4,258,429.00 \$0.00 \$0.00	\$4,258,429.00 \$0.00 \$0.00	\$12,921,416.13 \$0.00 \$28,829,906.00
FSD588610 002 31000565	MaryJo BONDS Church Schools in the Diocese of Virg	501C3 Interest Only	12/1/2009 1/1/2030 C	Actual/365 Performing 001	0.0000000000 0.0000000000 0.0000000000	\$4,258,429.00 \$0.00 \$0.00	\$4,258,429.00 \$0.00 \$0.00	\$12,921,416.13 \$0.00 \$28,829,906.00
FSD409207 001 30700425	MaryJo BONDS Community Residence Inc and Comm	501C3 Interest Only	9/26/2006 9/1/2036 C	Actual/365 Performing 001	0.0000000000 0.0000000000 0.0000000000	\$5,577,343.16 \$0.00 \$0.00	\$5,577,343.16 \$0.00 \$0.00	\$5,577,343.16 \$0.00 \$12,000,000.00
FSD460312 001 31400770	Nathalia BONDS Diocese of Richmond Housing Corp	501C3 Interest Only	6/7/2012 9/1/2028 C	Actual/365 Performing 001	0.0000000000 0.0000000000 0.0000000000	\$3,521,680.74 \$0.00 \$0.00	\$3,521,680.74 \$0.00 \$0.00	\$3,521,680.74 \$0.00 \$5,500,000.00
FSD794807 003 31500790	Linda BONDS Friendship Foundation	501C3 Interest Only	7/1/2014 6/1/2039 C	Actual/365 Performing 001	0.0000000000 0.0000000000 0.0000000000	\$16,000,943.00 \$0.00 \$0.00	\$16,000,943.00 \$0.00 \$0.00	\$16,000,943.00 \$0.00 \$16,850,478.00
FSD794807 004 31500795	Linda BONDS Friendship Foundation	501C3 Interest Only	7/1/2014 6/1/2039 C	Actual/365 Performing 001	0.0000000000 0.0000000000 0.0000000000	\$18,663,278.34 \$0.00 \$0.00	\$18,663,278.34 \$0.00 \$0.00	\$18,663,278.34 \$0.00 \$19,649,522.00
FSD539511 001 31100615	MaryJo BONDS Goodwill Industries of Central Virgini	501C3 Interest Only	2/3/2011 2/1/2024 C	Actual/365 Performing 001	0.0000000000 0.0000000000 0.0000000000	\$9,812,138.90 \$0.00 \$0.00	\$9,812,138.90 \$0.00 \$0.00	\$9,812,138.90 \$0.00 \$15,200,000.00
FSD539511 002 31300755	MaryJo BONDS Goodwill Industries of Central Virgini	501C3 Interest Only	8/13/2012 5/1/2033 C	Actual/365 Performing 001	0.0000000000 0.0000000000 0.0000000000	\$6,057,292.85 \$0.00 \$0.00	\$6,057,292.85 \$0.00 \$0.00	\$6,057,292.85 \$0.00 \$8,000,000.00
FSD675116 001 31600815	MaryJo BONDS Hampton Newport News Community	501C3 Interest Only	7/23/2015 8/1/2022 C	Actual/365 Performing 001	0.0000000000 0.0000000000 0.0000000000	\$998,114.62 \$0.00 \$0.00	\$998,114.62 \$0.00 \$0.00	\$14,545,280.96 \$0.00 \$15,030,000.00

Trial Balance Report By GL Code
Virginia Small Business Financing Authority-Bonds
Accumulated Through 6/30/2017

Customer ID Facility ID Loan ID	Officer Branch Customer Name	GL Code Loan Type	Active Maturity Revlr Cd	Day Code Perf Status Rate Code	Fixed Base Spread Rate	Principal Bal Interest Late Fee	Accruing Bal Interest MTD Daily Accrual	Commitment Available Original Commit
FSD675116 001 31600820	MaryJo BONDS Hampton Newport News Community	501C3 Interest Only	7/23/2015 8/1/2022 C	Actual/365 Performing 001	0.0000000000 0.0000000000 0.0000000000	\$13,547,166.34 \$0.00 \$0.00	\$13,547,166.34 \$0.00 \$0.00	\$14,545,280.96 \$0.00 \$15,030,000.00
FSD599008 002 31500785	MaryJo BONDS Hampton University	501C3 Interest Only	1/29/2015 10/1/2029 C	Actual/365 Performing 001	0.0000000000 0.0000000000 0.0000000000	\$109,270,000.00 \$0.00 \$0.00	\$109,270,000.00 \$0.00 \$0.00	\$109,270,000.00 \$0.00 \$115,090,000.00
FSD599011 001 31100605	MaryJo BONDS Hampton University	501C3 Interest Only	12/1/2010 4/1/2018 C	Actual/365 Performing 001	0.0000000000 0.0000000000 0.0000000000	\$990,000.00 \$0.00 \$0.00	\$990,000.00 \$0.00 \$0.00	\$990,000.00 \$0.00 \$3,635,000.00
FSD587310 001 31100585	Nathalia BONDS Jefferson Scholars Foundation	501C3 Interest Only	7/1/2010 7/1/2030 C	Actual/365 Performing 001	0.0000000000 0.0000000000 0.0000000000	\$4,500,000.00 \$0.00 \$0.00	\$4,500,000.00 \$0.00 \$0.00	\$4,500,000.00 \$0.00 \$23,000,000.00
FSD540506319 002 30600400	Nathalia BONDS Mary Baldwin University	501C3 Interest Only	12/15/2005 12/31/2022 C	Actual/365 Performing 001	0.0000000000 0.0000000000 0.0000000000	\$4,575,000.00 \$0.00 \$0.00	\$4,575,000.00 \$0.00 \$0.00	\$4,575,000.00 \$0.00 \$11,345,000.00
FSD540506319 004 31200715	Nathalia BONDS Mary Baldwin University	501C3 Interest Only	2/23/2012 10/1/2024 C	Actual/365 Performing 001	0.0000000000 0.0000000000 0.0000000000	\$2,047,940.00 \$0.00 \$0.00	\$2,047,940.00 \$0.00 \$0.00	\$2,047,940.00 \$0.00 \$3,386,000.00
FSD531710 002 31200690	MaryJo BONDS Memorial Trustees of the VA Diocesan	501C3 Interest Only	2/23/2012 5/1/2032 C	Actual/365 Performing 001	0.0000000000 0.0000000000 0.0000000000	\$3,371,169.00 \$0.00 \$0.00	\$3,371,169.00 \$0.00 \$0.00	\$3,371,169.00 \$0.00 \$4,025,000.00
FSD530204610 002 31100645	MaryJo BONDS National Capital Area Council, Boy S	501C3 Interest Only	12/30/2010 12/30/2020 C	Actual/365 Performing 001	0.0000000000 0.0000000000 0.0000000000	\$1,143,831.99 \$0.00 \$0.00	\$1,143,831.99 \$0.00 \$0.00	\$2,029,770.24 \$0.00 \$6,000,000.00
FSD530204610 002 31100650	MaryJo BONDS National Capital Area Council, Boy S	501C3 Interest Only	12/30/2010 12/30/2020 C	Actual/365 Performing 001	0.0000000000 0.0000000000 0.0000000000	\$568,325.00 \$0.00 \$0.00	\$568,325.00 \$0.00 \$0.00	\$2,029,770.24 \$0.00 \$6,000,000.00

Trial Balance Report By GL Code
Virginia Small Business Financing Authority-Bonds
Accumulated Through 6/30/2017

Customer ID Facility ID Loan ID	Officer Branch Customer Name	GL Code Loan Type	Active Maturity Revlr Cd	Day Code Perf Status Rate Code	Fixed Base Spread Rate	Principal Bal Interest Late Fee	Accruing Bal Interest MTD Daily Accrual	Commitment Available Original Commit
FSD530204610 002 31100655	MaryJo BONDS National Capital Area Council, Boy S	501C3 Interest Only	12/30/2010 12/30/2020 C	Actual/365 Performing 001	0.0000000000 0.0000000000 0.0000000000	\$317,613.25 \$0.00 \$0.00	\$317,613.25 \$0.00 \$0.00	\$2,029,770.24 \$0.00 \$6,000,000.00
FSD307607 001 30800455	Mary Jo BONDS NPPF Intermediate Funding I, LLC	501C3 Interest Only	8/17/2007 8/1/2027 C	Actual/365 Performing 001	0.0000000000 0.0000000000 0.0000000000	\$8,885,000.00 \$0.00 \$0.00	\$8,885,000.00 \$0.00 \$0.00	\$8,885,000.00 \$0.00 \$11,000,000.00
FSD307607 002 30800460	Mary Jo BONDS NPPF Intermediate Funding I, LLC	501C3 Interest Only	10/10/2007 8/1/2027 C	Actual/365 Performing 001	0.0000000000 0.0000000000 0.0000000000	\$3,305,000.00 \$0.00 \$0.00	\$3,305,000.00 \$0.00 \$0.00	\$3,305,000.00 \$0.00 \$31,000,000.00
FSD307607 004 31100685	Mary Jo BONDS NPPF Intermediate Funding I, LLC	501C3 Interest Only	12/23/2010 6/1/2037 C	Actual/365 Performing 001	0.0000000000 0.0000000000 0.0000000000	\$13,377,272.52 \$0.00 \$0.00	\$13,377,272.52 \$0.00 \$0.00	\$13,377,272.52 \$0.00 \$15,000,000.00
FSD490510 001 31100590	Nathalia BONDS Peninsula Metropolitan YMCA	501C3 Interest Only	8/19/2010 3/1/2018 C	Actual/365 Performing 001	0.0000000000 0.0000000000 0.0000000000	\$1,699,349.46 \$0.00 \$0.00	\$1,699,349.46 \$0.00 \$0.00	\$1,699,349.46 \$0.00 \$6,000,000.00
FSD874415 001 31500775	MaryJo BONDS Rappahannock Goodwill Industries	501C3 Interest Only	10/24/2014 10/1/2024 C	Actual/365 Performing 001	0.0000000000 0.0000000000 0.0000000000	\$3,634,078.00 \$0.00 \$0.00	\$3,634,078.00 \$0.00 \$0.00	\$12,670,754.00 \$0.00 \$14,500,000.00
FSD874415 001 31500780	MaryJo BONDS Rappahannock Goodwill Industries	501C3 Interest Only	10/24/2014 10/1/2024 C	Actual/365 Performing 001	0.0000000000 0.0000000000 0.0000000000	\$9,036,676.00 \$0.00 \$0.00	\$9,036,676.00 \$0.00 \$0.00	\$12,670,754.00 \$0.00 \$14,500,000.00
FSD632810 001 31000530	MaryJo BONDS Richmond SPCA	501C3 Interest Only	9/30/2009 12/5/2031 C	Actual/365 Performing 001	0.0000000000 0.0000000000 0.0000000000	\$4,762,686.00 \$0.00 \$0.00	\$4,762,686.00 \$0.00 \$0.00	\$4,762,686.00 \$0.00 \$6,500,000.00
FSD190110 001 31000515	Nathalia BONDS Sentara Healthcare	501C3 Interest Only	1/28/2010 11/1/2040 C	Actual/365 Performing 001	0.0000000000 0.0000000000 0.0000000000	\$231,150,000.00 \$0.00 \$0.00	\$231,150,000.00 \$0.00 \$0.00	\$231,150,000.00 \$0.00 \$300,000,000.00

Trial Balance Report By GL Code
Virginia Small Business Financing Authority-Bonds
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Customer ID Facility ID Loan ID	Officer Branch Customer Name	GL Code Loan Type	Active Maturity Revlr Cd	Day Code Perf Status Rate Code	Fixed Base Spread Rate	Principal Bal Interest Late Fee	Accruing Bal Interest MTD Daily Accrual	Commitment Available Original Commit
FSD046216 001 31600810	MaryJo BONDS Share A Homes of the Virginia Penins	501C3 Interest Only	7/23/2015 8/1/2022 C	Actual/365 Performing 001	0.0000000000 0.0000000000 0.0000000000	\$1,323,713.28 \$0.00 \$0.00	\$1,323,713.28 \$0.00 \$0.00	\$1,323,713.28 \$0.00 \$1,366,000.00
FSD140811 001 31100620	MaryJo BONDS The Nansemond-Suffolk Academy As	501C3 Interest Only	12/30/2010 12/30/2020 C	Actual/365 Performing 001	0.0000000000 0.0000000000 0.0000000000	\$3,098,333.33 \$0.00 \$0.00	\$3,098,333.33 \$0.00 \$0.00	\$3,098,333.33 \$0.00 \$4,400,000.00
FSD094511 001 31100665	Linda BONDS The Trustees of Roanoke College	501C3 Interest Only	3/2/2011 4/1/2026 C	Actual/365 Performing 001	0.0000000000 0.0000000000 0.0000000000	\$3,585,000.00 \$0.00 \$0.00	\$3,585,000.00 \$0.00 \$0.00	\$14,020,000.00 \$0.00 \$16,000,000.00
FSD094511 001 31100670	Linda BONDS The Trustees of Roanoke College	501C3 Interest Only	3/2/2011 4/1/2028 C	Actual/365 Performing 001	0.0000000000 0.0000000000 0.0000000000	\$955,000.00 \$0.00 \$0.00	\$955,000.00 \$0.00 \$0.00	\$14,020,000.00 \$0.00 \$16,000,000.00
FSD094511 001 31100675	Linda BONDS The Trustees of Roanoke College	501C3 Interest Only	3/2/2011 4/1/2033 C	Actual/365 Performing 001	0.0000000000 0.0000000000 0.0000000000	\$2,880,000.00 \$0.00 \$0.00	\$2,880,000.00 \$0.00 \$0.00	\$14,020,000.00 \$0.00 \$16,000,000.00
FSD094511 001 31100680	Linda BONDS The Trustees of Roanoke College	501C3 Interest Only	3/2/2011 4/1/2041 C	Actual/365 Performing 001	0.0000000000 0.0000000000 0.0000000000	\$6,600,000.00 \$0.00 \$0.00	\$6,600,000.00 \$0.00 \$0.00	\$14,020,000.00 \$0.00 \$16,000,000.00
FSD790010 001 31000580	Nathalia BONDS The Virginia Home	501C3 Interest Only	1/14/2010 7/1/2022 C	Actual/365 Performing 001	0.0000000000 0.0000000000 0.0000000000	\$4,100,000.00 \$0.00 \$0.00	\$4,100,000.00 \$0.00 \$0.00	\$4,100,000.00 \$0.00 \$8,125,000.00
FSD188610 001 31000570	MaryJo BONDS Trinity Episcopal School Inc	501C3 Interest Only	2/18/2010 2/1/2035 C	Actual/365 Performing 001	0.0000000000 0.0000000000 0.0000000000	\$5,828,000.00 \$0.00 \$0.00	\$5,828,000.00 \$0.00 \$0.00	\$5,828,000.00 \$0.00 \$10,000,000.00
FSD217611 001 31100625	MaryJo BONDS University of Virginia Foundation	501C3 Interest Only	12/21/2010 12/1/2030 C	Actual/365 Performing 001	0.0000000000 0.0000000000 0.0000000000	\$8,502,542.69 \$0.00 \$0.00	\$8,502,542.69 \$0.00 \$0.00	\$8,502,542.69 \$0.00 \$15,000,000.00

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FSD540419452 003 31400760	Nathalia BONDS Virginia Historical Society	501C3 Interest Only	6/27/2013 6/1/2033 C	Actual/365 Performing 001	0.0000000000 0.0000000000 0.0000000000	\$4,521,402.19 \$0.00 \$0.00	\$4,521,402.19 \$0.00 \$0.00	\$4,521,402.19 \$0.00 \$15,000,000.00
FSD540419452 004 31400765	Nathalia BONDS Virginia Historical Society	501C3 Interest Only	6/27/2013 6/1/2020 C	Actual/365 Performing 001	0.0000000000 0.0000000000 0.0000000000	\$1,368,906.00 \$0.00 \$0.00	\$1,368,906.00 \$0.00 \$0.00	(\$1,614,523.00) \$0.00 \$4,914,000.00
FSD510205333 003 31500800	Nathalia BONDS Virginia Museum of Fine Arts Founda	501C3 Interest Only	6/26/2014 8/1/2038 C	Actual/365 Performing 001	0.0000000000 0.0000000000 0.0000000000	\$10,031,988.27 \$0.00 \$0.00	\$10,031,988.27 \$0.00 \$0.00	\$40,130,988.27 \$0.00 \$40,200,000.00
FSD510205333 003 31500805	Nathalia BONDS Virginia Museum of Fine Arts Founda	501C3 Interest Only	6/26/2014 8/1/2038 C	Actual/365 Performing 001	0.0000000000 0.0000000000 0.0000000000	\$30,099,000.00 \$0.00 \$0.00	\$30,099,000.00 \$0.00 \$0.00	\$40,130,988.27 \$0.00 \$40,200,000.00
FSD165007 001 30700435	MaryJo BONDS Virginia State University Real Estate F	501C3 Interest Only	12/1/2006 7/1/2031 C	Actual/365 Performing 001	0.0000000000 0.0000000000 0.0000000000	\$15,900,000.00 \$0.00 \$0.00	\$15,900,000.00 \$0.00 \$0.00	\$15,900,000.00 \$0.00 \$22,000,000.00
FSD646507 001 30800440	Nathalia BONDS Wellmont Health System	501C3 Interest Only	7/1/2007 9/1/2037 C	Actual/365 Performing 001	0.0000000000 0.0000000000 0.0000000000	\$55,000,000.00 \$0.00 \$0.00	\$55,000,000.00 \$0.00 \$0.00	\$55,000,000.00 \$0.00 \$55,000,000.00
FSD520510 002 3130750	Nathalia BONDS YMCA of South Hampton Roads	501C3 Interest Only	5/31/2012 5/31/2022 C	Actual/365 Performing 001	0.0000000000 0.0000000000 0.0000000000	\$4,375,111.00 \$0.00 \$0.00	\$4,375,111.00 \$0.00 \$0.00	\$4,375,111.00 \$0.00 \$11,100,000.00
GL Code Totals	Subtotals for:	501C3				\$973,440,569.64	\$973,440,569.64	\$970,457,140.64
	Number of Loans:	52				\$0.00	\$0.00	\$0.00
						\$0.00	\$0.00	\$1,611,045,906.00
FSD668813 001 31300720	MaryJo BONDS 95 Express LLC	IDB Interest Only	7/31/2012 7/1/2034 C	Actual/365 Performing 001	0.0000000000 0.0000000000 0.0000000000	\$71,690,000.00 \$0.00 \$0.00	\$71,690,000.00 \$0.00 \$0.00	\$241,950,000.00 \$0.00 \$241,950,000.00

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FSD668813 001 31300725	MaryJo BONDS 95 Express LLC	IDB Interest Only	7/31/2012 1/1/2040 C	Actual/365 Performing 001	0.000000000 0.000000000 0.000000000	\$170,260,000.00 \$0.00 \$0.00	\$170,260,000.00 \$0.00 \$0.00	\$241,950,000.00 \$0.00 \$241,950,000.00
FSD124510 001 31000505	Nathalia BONDS Airport Property Partners, LLC	IDB Interest Only	1/1/2010 1/1/2040 C	Actual/365 Performing 001	0.000000000 0.000000000 0.000000000	\$25,000.00 \$0.00 \$0.00	\$25,000.00 \$0.00 \$0.00	\$25,000.00 \$0.00 \$7,000,000.00
FSD617950 001 30800445	MaryJo BONDS Bleachtech, LLC	IDB Interest Only	9/13/2007 9/1/2022 C	Actual/365 Performing 001	0.000000000 0.000000000 0.000000000	\$5,890,000.00 \$0.00 \$0.00	\$5,890,000.00 \$0.00 \$0.00	\$5,890,000.00 \$0.00 \$10,000,000.00
FSD540808788 002 30500005	Nathalia BONDS BSL, LLC	IDB Interest Only	7/1/2004 10/20/2020 C	Actual/365 Performing 001	0.000000000 0.000000000 0.000000000	\$1,120,000.00 \$0.00 \$0.00	\$1,120,000.00 \$0.00 \$0.00	\$1,120,000.00 \$0.00 \$3,000,000.00
FSD540701185 001 30100400	Nathalia BONDS Eastern Sleep Products Co	IDB Interest Only	6/26/2001 6/21/2021 C	360/360 Performing 001	0.000000000 0.000000000 0.000000000	\$769,757.39 \$0.00 \$0.00	\$769,757.39 \$0.00 \$0.00	\$769,757.39 \$0.00 \$2,115,000.00
FSD365611 001 31200695	MaryJo BONDS Elizabeth River Crossings, LLC	IDB Interest Only	4/1/2012 7/1/2027 C	Actual/365 Performing 001	0.000000000 0.000000000 0.000000000	\$42,365,000.00 \$0.00 \$0.00	\$42,365,000.00 \$0.00 \$0.00	\$454,565,000.00 \$0.00 \$1,250,000,000.00
FSD365611 001 31200700	MaryJo BONDS Elizabeth River Crossings, LLC	IDB Interest Only	4/1/2012 1/1/2032 C	Actual/365 Performing 001	0.000000000 0.000000000 0.000000000	\$91,795,000.00 \$0.00 \$0.00	\$91,795,000.00 \$0.00 \$0.00	\$454,565,000.00 \$0.00 \$1,250,000,000.00
FSD365611 001 31200710	MaryJo BONDS Elizabeth River Crossings, LLC	IDB Interest Only	4/1/2012 1/1/2042 C	Actual/365 Performing 001	0.000000000 0.000000000 0.000000000	\$320,405,000.00 \$0.00 \$0.00	\$320,405,000.00 \$0.00 \$0.00	\$454,565,000.00 \$0.00 \$1,250,000,000.00
IDB99C000450 001 39700175	Nathalia BONDS Heritage Place LC	IDB Interest Only	12/11/1997 C	Actual/365 Performing 001	0.000000000 0.000000000 0.000000000	\$330,000.00 \$0.00 \$0.00	\$330,000.00 \$0.00 \$0.00	\$330,000.00 \$0.00 \$3,000,000.00

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FSD128011 001 31100610	Nathalia BONDS International Parkway Associates, LLC	IDB Interest Only	10/26/2010 11/1/2025 C	Actual/365 Performing 001	0.0000000000 0.0000000000 0.0000000000	\$838,694.76 \$0.00 \$0.00	\$838,694.76 \$0.00 \$0.00	\$838,694.76 \$0.00 \$1,385,000.00
FSD521238037 002 31300735	Nathalia BONDS Miltco LC	IDB Interest Only	8/21/2012 8/21/2018 C	Actual/365 Performing 001	0.0000000000 0.0000000000 0.0000000000	\$5,515,484.03 \$0.00 \$0.00	\$5,515,484.03 \$0.00 \$0.00	\$5,515,484.03 \$0.00 \$6,000,000.00
GL Code Totals	Subtotals for:	IDB				\$711,003,936.18	\$711,003,936.18	\$711,003,936.18
	Number of Loans:	12				\$0.00	\$0.00	\$0.00
						\$0.00	\$0.00	\$1,524,450,000.00
FSD588616 001 31600830	Scott BONDS Virginia SAVES Green Community Pr	QECB Interest Only	12/1/2015 1/1/2031 C	Actual/365 Performing 001	0.0000000000 0.0000000000 0.0000000000	\$2,437,271.90 \$0.00 \$0.00	\$2,437,271.90 \$0.00 \$0.00	\$2,437,271.90 \$0.00 \$2,500,000.00
FSD588616 002 31700845	Scott BONDS Virginia SAVES Green Community Pr	QECB Interest Only	12/20/2016 12/20/2031 C	Actual/365 Performing 001	0.0000000000 0.0000000000 0.0000000000	\$2,702,686.00 \$0.00 \$0.00	\$2,702,686.00 \$0.00 \$0.00	\$2,702,686.00 \$0.00 \$2,750,000.00
FSD588616 003 31700840	Scott BONDS Virginia SAVES Green Community Pr	QECB Interest Only	9/29/2016 10/1/2031 C	Actual/365 Performing 001	0.0000000000 0.0000000000 0.0000000000	\$2,187,501.00 \$0.00 \$0.00	\$2,187,501.00 \$0.00 \$0.00	\$2,187,501.00 \$0.00 \$2,200,000.00
FSD588616 005 31700835	Scott BONDS Virginia SAVES Green Community Pr	QECB Interest Only	10/27/2016 11/1/2037 C	Actual/365 Performing 001	0.0000000000 0.0000000000 0.0000000000	\$3,855,000.00 \$0.00 \$0.00	\$3,855,000.00 \$0.00 \$0.00	\$3,855,000.00 \$0.00 \$4,000,000.00
GL Code Totals	Subtotals for:	QECB				\$11,182,458.90	\$11,182,458.90	\$11,182,458.90
	Number of Loans:	4				\$0.00	\$0.00	\$0.00
						\$0.00	\$0.00	\$11,450,000.00
Grand Totals:	Number of Loans:	68				\$1,695,626,964.72	\$1,695,626,964.72	\$1,692,643,535.72
						\$0.00	\$0.00	\$0.00
						\$0.00	\$0.00	\$3,146,945,906.00