
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, 2018 and 2019

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, 2018 and 2019

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 "VSBFA" or the "Authority") is responsible for the preparation and presentation of these financial statements, management discussion and notes which follow and for the implementation and maintenance of internal controls relating 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, 2018 and June 30, 2019, and the changes in net position from the 2018 fiscal year-end to the 2019 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.

GASB 70 and Significant Reporting Methodology

- The Authority's *SSBCI Cash Collateral Program* and the *State Cash Collateral Program* (collectively referred to here as "CCP") utilize reserve accounts owned by the Authority and established at participating banks. VSBFA commits these reserve account funds for the support of specific loans for a specified period of time and up to a specified maximum amount. In the event of a loss on a defaulted CCP enrolled loan, the participating bank may – after liquidation of its primary collateral and completion of its collection efforts - file a claim with the Authority to request that the related CCP deposit be utilized to offset the bank's deficiency loss (or a portion thereof.)
- Consistent with GASB 70, the funds held in *CCP Reserve Accounts* are recognized as Restricted Assets. The Authority does not record a liability and related expense against these *CCP Reserve Accounts* (Restricted Assets) unless there is a greater than 50% chance that the Authority will be required to make a future payment related to support provided under the *Cash Collateral Program*.
- The Virginia Department of Accounts and the Virginia Auditor of Public Accounts have determined that the *CCP* reserves provided under the *Cash Collateral Program* constitute a non-exchange financial guarantee under the Governmental Accounting Standards Board (GASB) Statement No. 70. As defined by GASB 70, a non-exchange financial guaranty is typically provided by a government for the obligations of a private entity, not-for-profit organization 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.

VIRGINIA SMALL BUSINESS FINANCING AUTHORITY

Management's Discussion and Analysis For the Fiscal Years ending June 30, 2018 and 2019

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, 2018 and June 30, 2019. 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, 2018 and June 30, 2019.

- Usage of the Authority's programs in Fiscal 2019 was impacted by a continuing vacancy in one of the Authority's three lending positions, by the consolidations occurring within the Virginia banking community and by the general strength of the Virginia economy. Demand for the Authority's various bank participation programs is countercyclical and is generally less robust when the economy is strong.
- Operating revenues for the Authority increased 34% from \$1,291,838 in Fiscal 2018 to \$1,732,445 in Fiscal 2019. The Authority's operating revenues are derived from interest income on direct loans, program and application fees, and bond fees collected on outstanding bond issuances. Revenues related to the Authority's bond issuances fluctuate from year to year based on the activity within the Authority's various bond programs and based on conditions within the U.S. capital markets and Internal Revenue Service (IRS) bond regulations. Under a March 2012 Memorandum of Understanding, VSBFA shares 40% of its bond fee revenue from non-profit bond issuances with those localities where the non-profit bond project is located.
- Total operating expenses decreased slightly, by 5%, from \$1,197,773 in Fiscal 2018 to \$1,129,674 in Fiscal 2019. Fiscal 2019 operating expenses included rent of \$34,272 paid to the Virginia Department of Small Business and Supplier Diversity ("SBSD.") This compares to \$27,788 of rent paid to SBSB in Fiscal 2018. At this time, the Authority does not have a formal written agreement governing rent with SBSB; however, the amount of annual rent paid is based upon the number of Authority employees in the Richmond office.
- Expenses relating to direct loan charge-offs improved during the year, falling from \$114,228 in Fiscal 2018 to \$34,548 in Fiscal 2019. Net direct loan charge-offs were further reduced in Fiscal 2019 by \$40,079 in direct loan recoveries. During Fiscal 2019, direct loan charge-offs were exclusively related to the *SWaM Microloan Program*. Inception-to-date losses in the *SWaM Microloan Program* are approximately 3% - an excellent track record for a program of its kind.
- The Authority's non-operating revenues from interest income increased from \$385,618 in Fiscal 2018 to \$759,239 in Fiscal 2019. This increase was due in part to the Authority's efforts to maintain lower cash balances in its operating accounts while maximizing amounts maintained in its investment accounts. Increased interest income during Fiscal 2019 was also the result of the elimination of the Authority's requirement to sequester excess federal funds associated with its *Economic Development Loan Fund Program*.
- Reserve Accounts for the *SSBCI Cash Collateral Program*, *State Cash Collateral Program*, *SSBCI Capital Access Program*, *Virginia Capital Access Program* and *Tobacco Capital Access Program* are classified as Restricted Assets on the Authority's balance sheet. Total Restricted Assets as of June 30, 2019 were \$10,719,172 compared with \$13,588,530 as of June 30, 2018.
- During Fiscal 2019, new distributions of support under the Authority's *SSBCI Cash Collateral Program (SSBCI CCP)* declined for the third consecutive year and were 50% less than distributions in Fiscal 2018. Total Reserve Accounts held in conjunction with the *SSBCI Cash Collateral Program* aggregated \$9,153,797 as of June 30, 2019, compared with *SSBCI CCP* Reserves of \$11,623,830 as of June 30, 2018. This represented a net decrease of \$2,470,033, or 21%, from Fiscal 2018 to Fiscal 2019. This net reduction in the *SSBCI Cash Collateral Program* Reserve Accounts was primarily due to "clawbacks," or withdrawals, from the reserve accounts which are made at least annually to adjust

the cash collateral support to the principal balance of the *SSBCI CCP* supported loans. During Fiscal 2019, the Authority paid one *SSBCI Cash Collateral Program* claim of \$81,147 to a participating lender in the program.

- Bank participation in the *SSBCI Cash Collateral Program* continued to decline during Fiscal 2019, in part due to the continuing consolidation within Virginia community and regional banks. As of June 30, 2019, there were 18 banks with active enrollments in the *Cash Collateral Program*, compared with 29 banks as of the 2018 fiscal year-end.
- Reserve accounts associated with the Authority's *State Cash Collateral Program (State CCP)* declined in Fiscal 2019 from \$969,900 as of June 30, 2018 to \$763,976 as June 30, 2019. The Authority does not intend to pursue future enrollments for this program and consequently, the reduction in these *State CCP* reserve accounts will continue as the remaining enrolled loans are repaid in full or reach the maximum support term.
- Outstanding direct loans for the Authority declined slightly from \$7,740,850 as of June 30, 2018 to \$7,211,122 as of June 30, 2019, a decrease of 6%. Outstanding direct loan commitments as of June 30, 2019 were \$6,057,632 compared with outstanding direct loan commitments of \$6,305,000 as of June 30, 2018.
- Reserve Accounts for the *SSBCI Capital Access Program* declined from \$389,841 as of June 30, 2018 to \$363,649 as of June 30, 2019. During Fiscal 2019, the Authority distributed \$4,005 in matching reserve account contributions to participating *SSBCI Capital Access Program* banks to provide credit support for new enrolled loans. This compared with distributions of \$10,514 during Fiscal 2018. During Fiscal 2019, the *SSBCI Capital Access Program* paid one *SSBCI CAP* claim of \$48,807, compared with three *SSBCI CAP* claims totaling \$180,630 paid in Fiscal 2018. *SSBCI CAP* claim payments are paid from existing *SSBCI CAP* Reserve Accounts (where the Authority's contributions have previously been expensed) and consequently, no additional expense for these claims is shown on the Fiscal 2018 or Fiscal 2019 financial statements.
- Although the *Tobacco Capital Access Program ("TCAP")* and the *Virginia Capital Access Program ("VCAP")* were discontinued in 2016 and are no longer accepting new loan enrollments, both programs continues to support outstanding loans previously enrolled by participating banks. Based on the existing maturities of loans enrolled under these two discontinued programs, the Authority estimates its *VCAP* and *TCAP* Reserve Account obligations may extend for as much as an additional eight years, unless the existing reserves under these programs are exhausted prior to that time through the payment of claims.
- In July 2019, the Authority's Executive Director left the Authority after a one-year tenure.

Management's Discussion and Analysis For the Fiscal Years ending June 30, 2018 and 2017

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, 2018. 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 is excerpted from the Authority's Financial Statements for the Fiscal Year Ended June 30, 2018.

- After steady growth in program usage during Fiscal 2014, 2015 and 2016, new distributions of support under the Authority's *SSBCI Cash Collateral Program* fell for the second consecutive year during Fiscal 2018. *SSBCI Cash Collateral Program* support distributions of \$679,747 in Fiscal 2018 were 82% less than distributions of \$3,900,249 during Fiscal 2017.
- Usage of the *SSBCI Cash Collateral Program* during Fiscal 2018 was impacted by a continuing vacancy in one of the Authority's three lending positions and, to a lesser extent, may have been impacted by *CCP* support fees which were implemented during the latter part of Fiscal 2017 for approved transactions where the Authority's *CCP* support exceeds \$150,000. Until the 2017 implementation of these *CCP* support fees, the Authority had offered the *SSBCI Cash Collateral Program* without fees except for a small application fee.
- Although the decline in new *SSBCI CCP* support distributions from Fiscal 2017 to Fiscal 2018 was significant, the net decrease in the Authority's *SSBCI Cash Collateral Program* Reserve accounts was much less dramatic: *SSBCI CCP* Reserve Accounts aggregated \$11,623,830 as of June 30, 2018, representing a decrease of 15% from the total *SSBCI CCP* Reserves of \$13,677,364 as of June 30, 2017.
- As of June 30, 2018, there were 29 banks enrolled to participate in the *Cash Collateral Program*, compared with 32 banks as of the 2017 fiscal year-end. In both Fiscal 2017 and Fiscal 2018, the number of participating *CCP* banks was affected by mergers of the banks participating in the program.
- At the 2018 fiscal year-end, *State CCP* Reserve Account funds totaled \$969,900, representing a 41% reduction from \$1,645,137 since June 30, 2017. At the present time, the Authority is not actively pursuing future enrollments under the *State Cash Collateral Program*. Consequently, it is anticipated that the remaining *State CCP* Reserve balances will continue to steadily decline as the Authority "claws back" these state funds in concurrent with the reduction in principal balances of the remaining *State CCP* enrolled loans.
- Reserve Accounts for the *SSBCI Cash Collateral Program*, *State Cash Collateral Program*, *SSBCI Capital Access Program*, *Virginia Capital Access Program* and *Tobacco Capital Access Program* are classified as Restricted Assets on the Authority's balance sheet. Total Restricted Assets as of June 30, 2018 were \$13,588,530 compared with \$16,484,281 as of June 30, 2017.
- The Authority's activity in its direct loan programs was impacted by a continuing vacancy in one of the Authority's three lending positions. Net direct loans for the Authority fell from \$9,009,570 as of June 30, 2017 to \$7,576,223 as of June 30, 2018, a decrease of 16%.
- Total operating revenues for the Authority declined by 7% from \$1,395,110 in Fiscal 2017 to \$1,291,838 in Fiscal 2018. Total operating expenses increased by approximately 15% from \$1,039,107 in Fiscal 2017 to \$1,197,773 in Fiscal 2018. Although the Authority was without a full-time Executive Director for the majority of Fiscal 2018, the Authority did not accrue savings related to that salary given that the Executive Director is paid by the Authority's host agency, the Virginia Department of Small Business and Supplier Diversity.
- Operating and non-operating expenses during Fiscal 2018 were higher than in Fiscal 2017 because of charge-offs in the *SWaM Microloan* Program (\$44,404), the charge-off of the only direct loan made to date with *SSBCI* funds (\$109,788), interest earned on sequestered EDA cash and paid to EDA (\$78,418), and bond fees shared on non-profit bond issuances under the Authority's 2012 Memorandum of Understanding.

- Fiscal 2018 operating expenses included rent of \$27,788 paid to the Virginia Department of Small Business and Supplier Diversity (“SBSD.”) Rent paid to SBSB is based upon the number of Authority employees in the Richmond office. The Authority does not, at this time have a written agreement governing the annual payment of rent with SBSB. Operating income of \$94,105 for Fiscal 2018 was 74% less than operating income of \$356,003 in Fiscal 2017.
- Fees generated from the Authority’s financing programs – specifically application and program fees - and fees from the Authority’s bond issuances were \$981,490 in Fiscal 2018, compared with \$985,519 in Fiscal 2017. The majority of the Authority’s overall fee revenue is derived from bond issuances and consequently, the Authority’s bond fee income generally fluctuates from year-to-year concurrent with overall activity in the Authority’s bond programs.
- The impact of changes in federal regulations on the Authority’s bond issuances was evidenced in December 2017 with the enactment of the 2017 Tax Cuts and Jobs Act. Although this federal legislation preserved tax-exempt treatment for private activity bonds issued after December 2017, it eliminated tax-exemptions for advance refunding bonds and also repealed federal legislation governing the issuance of qualified energy conservation bonds (“QECB” bonds.) As a result, the Authority’s ability to issue tax-exempt QECB bonds through the previously successful VA Saves program was eliminated effective December 31, 2017.
- During Fiscal 2015 and 2016, the Authority experienced significant loan repayments - both anticipated and unanticipated - within its *Economic Development Loan Fund Program* (“EDLF.”) As a result, liquidity in the EDLF program exceeded limits previously stipulated in the Authority’s agreement with the federal Economic Development Administration (“EDA”) and the Authority was required to sequester excess federal cash beginning in February 2016. As a condition of the sequestration, the Authority was required to remit to EDA all interest earned on sequestered EDA cash. Although the Authority had a requirement to sequester excess EDA funds as of June 30, 2018, the federal Economic Development Administration eliminated that sequestration requirement as of August 2018.
- As of June 30, 2018, the Authority had outstanding *EDLF* loan commitments of \$6.3 million, which favorably compared with \$3.7 million in outstanding *EDLF* loan commitments as of the Fiscal 2017 year-end.
- The Authority first offered the *Virginia Capital Access Program* to banks statewide in 1998. In 2013, federal SSBCI funds became the Authority’s sole source of CAP funding in 2013 and the program was subsequently renamed the *SSBCI Capital Access Program* (“SSBCI CAP.”) Although bank participation in the program was historically robust until the Financial Crisis of 2007-2009, bank usage of the program has steadily declined since that time. During Fiscal 2018, the Authority distributed \$10,514 to participating *SSBCI CAP* banks for the purpose of credit support through the *SSBCI CAP* program. The Fiscal 2018 *SSBCI CAP* distributions were 59% less than the Fiscal 2017 *SSBCI CAP* distributions of \$25,912, and 88% less than the \$89,810 distributed during Fiscal 2016.
- 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 served as Interim Executive Director from September 2017 until mid-June 2018 when a full-time Executive Director was named.

VIRGINIA SMALL BUSINESS FINANCING AUTHORITY

For the Fiscal Years Ending June 30, 2017 through June 30, 2019

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:

				% change 2019 vs 2018	% change 2018 vs 2017
	6/30/2019	6/30/2018	6/30/2017		
Cash (Restricted and Unrestricted)	\$20,930,924	\$21,098,809	\$16,844,944	(1%)	25%
Investments (Restricted and Unrestricted)	\$18,354,008	\$13,477,729	\$12,249,937	36%	10%
Loans receivable (net)	\$7,043,884	\$7,576,223	\$9,009,570	(7%)	(16%)
Restricted Assets (SSCBI and State CCP Reserve Accts, SSBCI CAP, VCAP and TCAP Reserve accounts)	\$10,719,172	\$13,588,530	\$16,484,281	(21%)	(18%)
Other assets	\$12,372	\$19,028	\$17,278	(35%)	10%
Total assets	\$57,060,360	\$55,760,319	\$54,606,010	2%	2%
Obligations under Securities Lending Program	\$1,246,285	\$1,045,769	0	19%	10,457%
Restricted Liabilities (Support Obligations under CAP, & Other programs)	\$801,399	\$994,800	\$1,161,780	(19%)	(14%)
Other Liabilities	\$95,343	\$103,636	\$105,041	(1%)	(1%)
Total liabilities	\$2,143,027	\$2,144,205	\$1,266,821	-	69%
Net Assets	\$54,917,333	\$53,616,114	\$52,847,133	2%	.5%

Net Assets	2019	2018	% Change from 2018 to 2019
Restricted	\$45,194,200	\$45,138,013	0.1%
Unrestricted	<u>\$9,723,133</u>	<u>\$8,478,101</u>	<u>15%</u>
Total Net Assets	\$54,917,333	\$53,616,114	2%

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 participating 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, 2019, the Net Assets under these programs were \$3,838,697, \$14,600,308 and \$19,932,307, respectively, totaling \$38,371,312.

State net assets are “restricted” funds administered by the Authority on behalf of other state agencies, or are state funds restricted as the result of deficiency guaranties, guaranty commitments, loan commitments, outstanding checks issued by the Authority and accrued payroll. State restricted net assets at June 30, 2019 totaled \$6,822,888, which included \$6,683,870 in outstanding *Loan Guaranty Program* guaranties, \$95,343 in outstanding checks, accrued payroll and other accounts payable. Additionally, \$43,675 in net assets for the *Environmental Compliance Assistance Fund*, with funding provided by the Virginia Department of Environmental Quality.

2. Unrestricted - As of June 30, 2019, unrestricted net assets totaled \$9,723,133, which include VSBFA Operating (\$6,498,060), State *Economic Development Loan Fund* program & State *Cash Collateral Program* (\$1,982,146) and the *SWaM Microloan Program* (\$1,242,927).

VIRGINIA SMALL BUSINESS FINANCING AUTHORITY

Statements of Revenues, Expenses and Changes in Net Assets

For the Fiscal Years Ending June 30, 2018 and June 30, 2019

	2019	2018	% change 2018 to 2019
Operating revenues:			
Interest on loans receivable	\$254,059	\$307,823	(17%)
Charges for sales and service	\$1,435,197	\$981,490	46%
Other (including recoveries)	\$43,189	\$2,525	161%
Total operating revenues	\$1,732,445	\$1,291,838	34%
Operating expenses:			
Personal services	\$762,264	\$758,763	0%
Contractual Services, including rent and supplies	\$61,839	\$31,523	96%
Distributions (<i>Capital Access Program</i> fee matching distributions)	\$4,005	\$10,514	(62%)
Other (including charge-offs, bond fee sharing and miscellaneous)	\$301,566	\$232,306	30%
Allowance for Doubtful Accounts	<u>\$167,238</u>	<u>\$164,627</u>	2%
Total Operating Expenses	\$1,129,674	\$1,197,733	(6%)
Net Operating Income	\$602,771	\$94,105	540%
Non-operating revenues:			
Interest income	\$759,239	\$385,618	97%
Other non-operating expenses	<u>\$30,692</u>	<u>\$78,162</u>	(61%)
Net Income before transfers	\$1,331,318	\$401,561	231%
Transfers			
Net Operating transfers (including intrafund transfers)	\$226,285	(\$73,071)	410%
Transfers Out to Tobacco Commission	<u>(\$277,724)</u>	<u>(\$189,683)</u>	46%
Total Net Transfers	(\$51,439)	(\$262,754)	80%
Change in net assets	\$1,279,879	\$138,807	822%

VIRGINIA SMALL BUSINESS FINANCING AUTHORITY
Notes to Financial Statements
June 30, 2018 and 2019

(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* and the *SSBCI Capital Access Program* (federally funded 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 below.

(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 Authority's outstanding 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 direct loan programs, receivables are typically charged-off when a 120-day delinquency is reached and when there has been a determination 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-three year history, the Authority has determined that a loss reserve of 2% of our notes receivable is appropriate given that our loan portfolios have continued to perform better than one might expect for a government lending program. If a loan guaranteed by the program is deemed at risk, 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 *Cash Collateral* and *Capital Access* programs (currently the *SSBCI CAP*, and formerly the *VCAP*, and *TCAP* programs) fund loan loss Reserve accounts owned by the Authority at the participating program banks. By virtue of the nature of these programs, the Authority's liability is limited to funds distributed and maintained in these Reserve accounts; 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. A portion of total compensation expense is charged to the Authority's programs from time to time, to the extent that funding for the program allows for payment of 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) Bond Programs

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 a Memorandum of Understanding 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 used to support small business loan programs for the Authority and administrative costs, including staff salaries.

In 2009, the Authority'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."* The Authority expects this budget language to continue for future budgets.

During the 2019 Virginia General Assembly session, the Authority's legislation was amended to allow the Authority to issue bonds for the purpose of modernizing public school buildings or facilities.

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 \$16,502,346 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 (for a maximum duration of 5 years) and term loans (for a maximum duration of 7 years.) The **Loan Guaranty Program** was originally 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. There were no claim payments under the **Loan Guaranty Program** during Fiscal 2018 or Fiscal 2019. Program funds for the Authority's **Loan Guaranty Program** are considered part of the Authority's primary Operating Account.

The **SWaM Microloan Program** had net outstanding loans of \$728,855 as of June 30, 2019 and no outstanding loan commitments. Allowance for Doubtful Accounts for the **Microloan Program** at the 2019 Fiscal year-end were \$38,361. The program had charge-offs of \$44,404 during the 2018 Fiscal year, and \$34,548 of charge-offs during Fiscal 2019, bringing the total loans charged off since the program's inception to \$119,089, which is 3% of all loans originated under the program. In light of the additional charged off loans in Fiscal 2019, the Allowance for Doubtful Accounts for this direct loan program has been adjusted to 3%.

The **State Economic Development Fund** had \$1,324,335 of net outstanding loans and no outstanding commitments at the 2019 Fiscal year-end. Allowance for Doubtful Accounts for the program at the 2019 Fiscal year-end were \$27,027. There were no charge-offs in this program during the 2019 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. At the 2019 Fiscal year-end, the Authority had **State Cash Collateral Program** Reserve account balances of \$763,976. These cash collateral deposits are Restricted Assets on deposit at participating lenders in accounts owned by the VSBFA and are considered public funds.

As of June 30, 2019, the Authority's Operating Fund had \$632 in outstanding checks and \$71,496 in accrued payroll and benefits and \$23,215 in other accounts payable.

(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 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 the *SSBCI Cash Collateral Program* and the *SSBCI Capital Access Program*. *SSBCI CCP* Reserve Accounts aggregated \$9,153,797 as of June 30, 2019 while *SSBCI CAP* Reserve Accounts totaled \$363,649 as of that date. During Fiscal 2018, the *SSBCI Capital Access Program* paid three SSBCI CAP claims totaling \$180,630 and in Fiscal 2019 paid SSBCI CAP claims of \$48,807. Given that claim payments are made from existing *SSBCI CAP* Reserve Accounts (where the Authority's contributions had previously been expensed) no additional expense for these claims is shown on the Fiscal 2018 or 2019 financial statements.

(d) Child Care Financing Program

The *Child Care Financing Program* is funded by a federal Child Care and Development Block Grant received by the Virginia Department of Social Services ("VDSS"). The Authority administers the *Child Care Financing Program* in accordance with a Memorandum of Agreement with VDSS. The *Child Care Financing Program* offers regulated childcare providers low-interest direct loans to fund quality enhancement projects or projects to meet or maintain state or local childcare requirements, including health, safety and fire codes. 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, 2019, there were net loans receivable of \$226,977 and the Authority had \$100,000 in outstanding loan commitments. Allowance for Doubtful Accounts as of the 2019 Fiscal year-end was \$4,632 and there were no charge-offs during the 2019 Fiscal year.

(e) Federal Economic Development Loan Fund

The federal *Economic Development Loan Fund* provides direct loans in typical amounts from \$1,000,000 to \$3,000,000 to bridge the gap between private debt financing and private equity for projects that will result in job creation or retention. The Authority considers loan limits at the higher end of that range depending upon the economic development benefits of the project, the strength of the borrower and the distress level of the locality in which the project is located. Loans can be made to Virginia businesses and to industrial or economic development authorities.

The EDLF was originally capitalized by three U.S. Economic Development Administration (EDA) grants and the required state matching funds, which are Restricted to this fund in compliance with the original terms and conditions of the EDA grants. Net loans receivable totaled \$4,749,930 at June 30, 2019 and there were \$6,057,632 in outstanding loan commitments at that date. Allowance for Doubtful Accounts was \$96,937 at June 30, 2019 and there were no charge-offs during Fiscal 2019.

(f) Small Business Environmental Compliance Assistance Fund

Originally funded by the Department of Environmental Quality (DEQ), the Authority administers the one remaining *Environmental Compliance Assistance Fund* loan pursuant to a tri-party cooperative agreement executed between the Authority; the former Department of Business Assistance, and DEQ. The program was discontinued as of December 2015. Cash collections from the remaining loan are periodically transferred back to DEQ as funds are collected. Net Loans Receivable as of June 30, 2019 were \$13,787 and there were no outstanding loan commitments. Allowance for Doubtful Accounts was \$281 as of June 30, 2019 and there were no charge-offs during Fiscal 2019 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"), provided 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 funds in VCAP loan loss reserve accounts are available to cover losses on loans enrolled by the participating bank. The aggregate balance of the VCAP loan loss Reserve accounts at participating banks at Fiscal 2019 year-end was \$181,164. The balances in the VCAP

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”) was discontinued effective November 16, 2015 but the remaining reserve accounts continue to support loans enrolled in the program. During Fiscal 2019, the Authority clawed back \$163,601 from a TCAP Reserve Account where all enrolled loans had paid in full and then transferred \$277,724 in cash back to the Virginia Tobacco Commission. As of June 30, 2019, there was a total of \$256,586 in the remaining TCAP Reserve accounts. These funds 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.

(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 not immediately needed for operating purposes are held in three separate LGIP accounts.

Securities Lending Transactions

As June 30, 2019, the Authority had Cash Equivalents of \$1,246,285 in the Virginia Treasury’s Securities Lending Program, which were offset on the Authority’s Balance Sheet by a corresponding liability of the same amount.

(5) 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 (“SBSD.”) Staff salaries and administrative expenses are paid from the Authority’s operating and program funds, and during Fiscal 2019 the Authority paid rent of \$34,272 to SBSB in addition to costs for computer equipment and information technology services.

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.

(6) Surety Bond

The Executive Director of the Authority is 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 6/30/2019

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 31600810S	Anna 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	\$1,229,822.44 \$0.00 \$0.00	\$1,229,822.44 \$0.00 \$0.00	\$1,229,822.44 \$0.00 \$1,366,000.00
FSD060317 002 31801020S	Mark BONDS Virginia United Methodist Homes Inc	501C3 Interest Only	12/27/2017 6/1/2052 C	Actual/365 Performing 001	0.0000000000 0.0000000000 0.0000000000	\$54,710,000.00 \$0.00 \$0.00	\$54,710,000.00 \$0.00 \$0.00	\$54,710,000.00 \$0.00 \$65,000,000.00
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
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	\$3,030,000.00 \$0.00 \$0.00	\$3,030,000.00 \$0.00 \$0.00	\$13,465,000.00 \$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	\$13,465,000.00 \$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	\$13,465,000.00 \$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	\$13,465,000.00 \$0.00 \$16,000,000.00
FSD108811 001 31100630	Mark 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

Trial Balance Report By GL Code
Virginia Small Business Financing Authority-Bonds
Accumulated Through 6/30/2019

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
FSD140811 001 31100620	Anna 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	\$2,658,333.49 \$0.00 \$0.00	\$2,658,333.49 \$0.00 \$0.00	\$2,658,333.49 \$0.00 \$4,400,000.00
FSD165007 001 30700435	Mark BONDS Virginia State University Real Estate	501C3 Interest Only	12/1/2006 7/1/2031 C	Actual/365 Performing 001	0.0000000000 0.0000000000 0.0000000000	\$14,085,000.00 \$0.00 \$0.00	\$14,085,000.00 \$0.00 \$0.00	\$14,085,000.00 \$0.00 \$22,000,000.00
FSD188610 001 31000570	Mark 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	\$5,363,000.00 \$0.00 \$0.00	\$5,363,000.00 \$0.00 \$0.00	\$5,363,000.00 \$0.00 \$10,000,000.00
FSD190110 001 31000515	Anna BONDS Sentara Healthcare	501C3 Interest Only	1/28/2010 11/1/2040 C	Actual/365 Performing 001	0.0000000000 0.0000000000 0.0000000000	\$216,560,000.00 \$0.00 \$0.00	\$216,560,000.00 \$0.00 \$0.00	\$216,560,000.00 \$0.00 \$300,000,000.00
FSD217611 001 31100625	Mark 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	\$7,459,549.86 \$0.00 \$0.00	\$7,459,549.86 \$0.00 \$0.00	\$7,459,549.86 \$0.00 \$15,000,000.00
FSD307607 004 31100685	Anna 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	\$12,543,135.58 \$0.00 \$0.00	\$12,543,135.58 \$0.00 \$0.00	\$12,543,135.58 \$0.00 \$15,000,000.00
FSD409207 001 30700425	Anna 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	\$5,131,689.09 \$0.00 \$0.00	\$5,131,689.09 \$0.00 \$0.00	\$5,131,689.09 \$0.00 \$12,000,000.00
FSD460312 001 31400770S	Mark 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	\$2,953,897.33 \$0.00 \$0.00	\$2,953,897.33 \$0.00 \$0.00	\$2,953,897.33 \$0.00 \$5,500,000.00
FSD490510 001 31100590	Anna BONDS Peninsula Metropolitan YMCA	501C3 Interest Only	8/19/2010 8/19/2019 C	Actual/365 Performing 001	0.0000000000 0.0000000000 0.0000000000	\$520,515.83 \$0.00 \$0.00	\$520,515.83 \$0.00 \$0.00	\$520,515.83 \$0.00 \$6,000,000.00

Trial Balance Report By GL Code
Virginia Small Business Financing Authority-Bonds
Accumulated Through 6/30/2019

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FSD510205333 003 31500800	Mark BONDS Virginia Museum of Fine Arts Found	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	Mark BONDS Virginia Museum of Fine Arts Found	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
FSD520510 002 3130750S	Anna 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	\$2,150,811.00 \$0.00 \$0.00	\$2,150,811.00 \$0.00 \$0.00	\$2,150,811.00 \$0.00 \$11,100,000.00
FSD531710 002 31200690	Mark BONDS Memorial Trustees of the VA Diocesa	501C3 Interest Only	2/23/2012 5/1/2032 C	Actual/365 Performing 001	0.0000000000 0.0000000000 0.0000000000	\$3,050,367.00 \$0.00 \$0.00	\$3,050,367.00 \$0.00 \$0.00	\$3,050,367.00 \$0.00 \$4,025,000.00
FSD539511 001 31100615	Mark BONDS Goodwill Industries of Central Virgin	501C3 Interest Only	2/3/2011 2/1/2024 C	Actual/365 Performing 001	0.0000000000 0.0000000000 0.0000000000	\$9,046,705.84 \$0.00 \$0.00	\$9,046,705.84 \$0.00 \$0.00	\$9,046,705.84 \$0.00 \$15,200,000.00
FSD539511 002 31300755S	Mark BONDS Goodwill Industries of Central Virgin	501C3 Interest Only	8/13/2012 5/1/2033 C	Actual/365 Performing 001	0.0000000000 0.0000000000 0.0000000000	\$5,518,318.76 \$0.00 \$0.00	\$5,518,318.76 \$0.00 \$0.00	\$5,518,318.76 \$0.00 \$8,000,000.00
FSD540419452 003 31400760S	Mark BONDS Virginia Historical Society	501C3 Interest Only	6/27/2013 6/1/2033 C	Actual/365 Performing 001	0.0000000000 0.0000000000 0.0000000000	\$1,072,199.74 \$0.00 \$0.00	\$1,072,199.74 \$0.00 \$0.00	\$1,072,199.74 \$0.00 \$15,000,000.00
FSD540419452 004 31400765	Mark BONDS Virginia Historical Society	501C3 Interest Only	6/27/2013 6/1/2020 C	Actual/365 Performing 001	0.0000000000 0.0000000000 0.0000000000	\$1,102,258.22 \$0.00 \$0.00	\$1,102,258.22 \$0.00 \$0.00	\$1,102,258.22 \$0.00 \$4,914,000.00
FSD540506319 002 30600400	Mark BONDS Mary Baldwin University	501C3 Interest Only	12/15/2005 12/31/2022 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	\$2,880,000.00 \$0.00 \$11,345,000.00

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
FSD540506319 004 31200715	Mark BONDS Mary Baldwin University	501C3 Interest Only	2/23/2012 10/1/2024 C	Actual/365 Performing 001	0.0000000000 0.0000000000 0.0000000000	\$1,512,716.00 \$0.00 \$0.00	\$1,512,716.00 \$0.00 \$0.00	\$1,512,716.00 \$0.00 \$3,386,000.00
FSD540506321 002 31300730	Anna BONDS Children's Hospital of Kings Daughte	501C3 Interest Only	9/19/2012 1/1/2023 C	Actual/365 Performing 001	0.0000000000 0.0000000000 0.0000000000	\$59,158,991.33 \$0.00 \$0.00	\$59,158,991.33 \$0.00 \$0.00	\$59,158,991.33 \$0.00 \$76,400,000.00
FSD540506321 003 31500825S	Anna BONDS Children's Hospital of Kings Daughte	501C3 Interest Only	12/1/2015 3/1/2045 C	Actual/365 Performing 001	0.0000000000 0.0000000000 0.0000000000	\$98,440,000.00 \$0.00 \$0.00	\$98,440,000.00 \$0.00 \$0.00	\$100,000,000.00 \$1,560,000.00 \$100,000,000.00
FSD588610 002 31000555	Mark BONDS Church Schools in the Diocese of Vir	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	\$4,404,558.13 \$0.00 \$28,829,906.00
FSD588610 004 31801025S	Mark BONDS Church Schools in the Diocese of Vir	501C3 Interest Only	10/24/2017 10/1/2042 C	Actual/365 Performing 001	0.0000000000 0.0000000000 0.0000000000	\$2,757,038.81 \$0.00 \$0.00	\$2,757,038.81 \$0.00 \$0.00	\$28,671,703.52 \$0.00 \$35,000,000.00
FSD588610 004 31801030S	Mark BONDS Church Schools in the Diocese of Vir	501C3 Interest Only	10/24/2017 10/1/2035 C	Actual/365 Performing 001	0.0000000000 0.0000000000 0.0000000000	\$13,141,725.00 \$0.00 \$0.00	\$13,141,725.00 \$0.00 \$0.00	\$28,671,703.52 \$0.00 \$35,000,000.00
FSD588610 004 31801035S	Mark BONDS Church Schools in the Diocese of Vir	501C3 Interest Only	10/24/2017 10/1/2042 C	Actual/365 Performing 001	0.0000000000 0.0000000000 0.0000000000	\$3,132,123.71 \$0.00 \$0.00	\$3,132,123.71 \$0.00 \$0.00	\$28,671,703.52 \$0.00 \$35,000,000.00
FSD588610 004 31801040S	Mark BONDS Church Schools in the Diocese of Vir	501C3 Interest Only	10/24/2017 10/1/2042 C	Actual/365 Performing 001	0.0000000000 0.0000000000 0.0000000000	\$478,377.00 \$0.00 \$0.00	\$478,377.00 \$0.00 \$0.00	\$28,671,703.52 \$0.00 \$35,000,000.00
FSD588610 004 31801045S	Mark BONDS Church Schools in the Diocese of Vir	501C3 Interest Only	10/24/2017 10/1/2042 C	Actual/365 Performing 001	0.0000000000 0.0000000000 0.0000000000	\$1,007,109.00 \$0.00 \$0.00	\$1,007,109.00 \$0.00 \$0.00	\$28,671,703.52 \$0.00 \$35,000,000.00

Trial Balance Report By GL Code
Virginia Small Business Financing Authority-Bonds
Accumulated Through 6/30/2019

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 004 31801050S	Mark BONDS Church Schools in the Diocese of Vir	501C3 Interest Only	10/24/2017 1/1/2030 C	Actual/365 Performing 001	0.0000000000 0.0000000000 0.0000000000	\$6,583,333.00 \$0.00 \$0.00	\$6,583,333.00 \$0.00 \$0.00	\$28,671,703.52 \$0.00 \$35,000,000.00
FSD588610 004 31801055S	Mark BONDS Church Schools in the Diocese of Vir	501C3 Interest Only	10/24/2017 10/1/2042 C	Actual/365 Performing 001	0.0000000000 0.0000000000 0.0000000000	\$1,571,997.00 \$0.00 \$0.00	\$1,571,997.00 \$0.00 \$0.00	\$28,671,703.52 \$0.00 \$35,000,000.00
FSD588610 005 31901105	Mark BONDS Church Schools in the Diocese of Vir	501C3 Maturity	1/31/2019 12/1/2025 C	Actual/365 Performing 001	0.0000000000 0.0000000000 0.0000000000	\$7,382,000.00 \$0.00 \$0.00	\$7,382,000.00 \$0.00 \$0.00	\$21,382,000.00 \$0.00 \$23,000,000.00
FSD588610 005 31901110	Mark BONDS Church Schools in the Diocese of Vir	501C3 Maturity	1/31/2019 12/1/2028 C	Actual/365 Performing 001	0.0000000000 0.0000000000 0.0000000000	\$9,000,000.00 \$0.00 \$0.00	\$9,000,000.00 \$0.00 \$0.00	\$21,382,000.00 \$0.00 \$23,000,000.00
FSD588610 005 31901115	Mark BONDS Church Schools in the Diocese of Vir	501C3 Interest Only	1/31/2019 12/1/2028 C	Actual/365 Performing 001	0.0000000000 0.0000000000 0.0000000000	\$5,000,000.00 \$0.00 \$0.00	\$5,000,000.00 \$0.00 \$0.00	\$21,382,000.00 \$0.00 \$23,000,000.00
FSD599008 002 31500785	Anna BONDS Hampton University	501C3 Interest Only	1/29/2015 10/1/2029 C	Actual/365 Performing 001	0.0000000000 0.0000000000 0.0000000000	\$103,035,000.00 \$0.00 \$0.00	\$103,035,000.00 \$0.00 \$0.00	\$103,035,000.00 \$0.00 \$115,090,000.00
FSD632810 001 31000530	Mark BONDS Richmond SPCA	501C3 Interest Only	9/30/2009 12/5/2031 C	Actual/365 Performing 001	0.0000000000 0.0000000000 0.0000000000	\$4,262,694.00 \$0.00 \$0.00	\$4,262,694.00 \$0.00 \$0.00	\$4,262,694.00 \$0.00 \$6,500,000.00
FSD675116 001 31600815S	Anna 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	\$925,904.91 \$0.00 \$0.00	\$925,904.91 \$0.00 \$0.00	\$13,474,443.02 \$0.00 \$15,030,000.00
FSD675116 001 31600820S	Anna 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	\$12,548,538.11 \$0.00 \$0.00	\$12,548,538.11 \$0.00 \$0.00	\$13,474,443.02 \$0.00 \$15,030,000.00

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FSD790010 001 31000580	Mark BONDS The Virginia Home	501C3 Interest Only	1/14/2010 7/1/2022 C	Actual/365 Performing 001	0.0000000000 0.0000000000 0.0000000000	\$2,850,000.00 \$0.00 \$0.00	\$2,850,000.00 \$0.00 \$0.00	\$2,850,000.00 \$0.00 \$8,125,000.00
FSD794807 003 31500790S	Linda BONDS Friendship Foundation	501C3 Interest Only	7/1/2014 6/1/2039 C	Actual/365 Performing 001	0.0000000000 0.0000000000 0.0000000000	\$15,084,200.00 \$0.00 \$0.00	\$15,084,200.00 \$0.00 \$0.00	\$15,084,200.00 \$0.00 \$16,850,478.00
FSD794807 004 31500795S	Linda BONDS Friendship Foundation	501C3 Interest Only	7/1/2014 6/1/2039 C	Actual/365 Performing 001	0.0000000000 0.0000000000 0.0000000000	\$18,405,200.00 \$0.00 \$0.00	\$18,405,200.00 \$0.00 \$0.00	\$18,405,200.00 \$0.00 \$19,649,522.00
FSD874415 001 31500775S	Anna BONDS Rappahannock Goodwill Industries	501C3 Interest Only	10/24/2014 10/1/2024 C	Actual/365 Performing 001	0.0000000000 0.0000000000 0.0000000000	\$2,792,451.00 \$0.00 \$0.00	\$2,792,451.00 \$0.00 \$0.00	\$10,649,030.00 \$0.00 \$14,500,000.00
FSD874415 001 31500780S	Anna BONDS Rappahannock Goodwill Industries	501C3 Interest Only	10/24/2014 10/1/2024 C	Actual/365 Performing 001	0.0000000000 0.0000000000 0.0000000000	\$7,856,579.00 \$0.00 \$0.00	\$7,856,579.00 \$0.00 \$0.00	\$10,649,030.00 \$0.00 \$14,500,000.00
GL Code Totals	Subtotals for:	501C3				\$983,702,128.45	\$983,702,128.45	\$985,262,128.45
	Number of Loans:	50				\$0.00	\$0.00	\$1,560,000.00
						\$0.00	\$0.00	\$1,544,410,906.00
FSD124510 001 31000505	Anna BONDS Airport Property Partners, LLC	IDB Interest Only	1/1/2010 1/1/2040 C	Actual/365 Performing 001	0.0000000000 0.0000000000 0.0000000000	\$25,000.00 \$0.00 \$0.00	\$25,000.00 \$0.00 \$0.00	\$25,000.00 \$0.00 \$7,000,000.00
FSD125718 001 31901080	Anna BONDS Covanta Holding Corporation	IDB Interest Only	6/7/2018 1/1/2048 C	Actual/365 Performing 001	0.0000000000 0.0000000000 0.0000000000	\$30,000,000.00 \$0.00 \$0.00	\$30,000,000.00 \$0.00 \$0.00	\$50,000,000.00 \$20,000,000.00 \$50,000,000.00
FSD128011 001 31100610	Anna BONDS International Parkway Associates, LL	IDB Interest Only	10/26/2010 11/1/2025 C	Actual/365 Performing 001	0.0000000000 0.0000000000 0.0000000000	\$654,028.20 \$0.00 \$0.00	\$654,028.20 \$0.00 \$0.00	\$654,028.20 \$0.00 \$1,385,000.00

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FSD365611 001 31200695	Anna BONDS Elizabeth River Crossings, LLC	IDB Interest Only	4/1/2012 7/1/2027 C	Actual/365 Performing 001	0.0000000000 0.0000000000 0.0000000000	\$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	Anna BONDS Elizabeth River Crossings, LLC	IDB Interest Only	4/1/2012 1/1/2032 C	Actual/365 Performing 001	0.0000000000 0.0000000000 0.0000000000	\$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	Anna BONDS Elizabeth River Crossings, LLC	IDB Interest Only	4/1/2012 1/1/2042 C	Actual/365 Performing 001	0.0000000000 0.0000000000 0.0000000000	\$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
FSD521238037 002 31300735	Anna BONDS Miltco LC	IDB Interest Only	8/21/2012 8/30/2038 C	Actual/365 Performing 001	0.0000000000 0.0000000000 0.0000000000	\$5,324,540.88 \$0.00 \$0.00	\$5,324,540.88 \$0.00 \$0.00	\$5,324,540.88 \$0.00 \$6,000,000.00
FSD540701185 001 30100400	Mark BONDS Eastern Sleep Products Co	IDB Interest Only	6/26/2001 6/21/2021 C	360/360 Performing 001	0.0000000000 0.0000000000 0.0000000000	\$463,660.83 \$0.00 \$0.00	\$463,660.83 \$0.00 \$0.00	\$697,192.93 \$233,532.10 \$2,115,000.00
FSD540808788 002 30500005	Anna BONDS BSL, LLC	IDB Interest Only	7/1/2004 10/20/2020 C	Actual/365 Performing 001	0.0000000000 0.0000000000 0.0000000000	\$840,000.00 \$0.00 \$0.00	\$840,000.00 \$0.00 \$0.00	\$840,000.00 \$0.00 \$3,000,000.00
FSD668813 001 31300720	Anna BONDS 95 Express LLC	IDB Interest Only	7/31/2012 1/1/2040 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
FSD668813 001 31300725	Anna BONDS 95 Express LLC	IDB Interest Only	7/31/2012 1/1/2040 C	Actual/365 Performing 001	0.0000000000 0.0000000000 0.0000000000	\$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
FSD668813 002 31801065	Anna BONDS 95 Express LLC	IDB Interest Only	7/25/2017 1/1/2040 C	Actual/365 Performing 001	0.0000000000 0.0000000000 0.0000000000	\$232,995,000.00 \$0.00 \$0.00	\$232,995,000.00 \$0.00 \$0.00	\$232,995,000.00 \$0.00 \$300,000,000.00

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FSD919218 001 31801070	Anna BONDS I 66 Express Mobility Partners LLC	IDB Interest Only	11/9/2017 12/31/2047 C	Actual/365 Performing 001	0.0000000000 0.0000000000 0.0000000000	\$737,000,000.00 \$0.00 \$0.00	\$737,000,000.00 \$0.00 \$0.00	\$737,000,000.00 \$0.00 \$737,000,000.00
GL Code Totals	Subtotals for:	IDB				\$1,703,817,229.91	\$1,703,817,229.91	\$1,724,050,762.01
	Number of Loans:	13				\$0.00	\$0.00	\$20,233,532.10
						\$0.00	\$0.00	\$2,598,450,000.00
FSD588616 001 31600830	Mark BONDS Virginia SAVES Green Community P	QECB Interest Only	12/1/2015 1/1/2031 C	Actual/365 Performing 001	0.0000000000 0.0000000000 0.0000000000	\$2,129,234.21 \$0.00 \$0.00	\$2,129,234.21 \$0.00 \$0.00	\$2,129,234.21 \$0.00 \$2,500,000.00
FSD588616 002 31700845	Mark BONDS Virginia SAVES Green Community P	QECB Interest Only	12/20/2016 12/20/2031 C	Actual/365 Performing 001	0.0000000000 0.0000000000 0.0000000000	\$2,447,129.43 \$0.00 \$0.00	\$2,447,129.43 \$0.00 \$0.00	\$2,447,129.43 \$0.00 \$2,750,000.00
FSD588616 003 31700840	Mark BONDS Virginia SAVES Green Community P	QECB Interest Only	9/29/2016 10/1/2031 C	Actual/365 Performing 001	0.0000000000 0.0000000000 0.0000000000	\$2,051,820.00 \$0.00 \$0.00	\$2,051,820.00 \$0.00 \$0.00	\$2,051,820.00 \$0.00 \$2,200,000.00
FSD588616 005 31700835	Mark BONDS Virginia SAVES Green Community P	QECB Interest Only	10/27/2016 11/1/2037 C	Actual/365 Performing 001	0.0000000000 0.0000000000 0.0000000000	\$3,735,912.96 \$0.00 \$0.00	\$3,735,912.96 \$0.00 \$0.00	\$3,735,912.96 \$0.00 \$4,000,000.00
FSD588616 006 31801000	Mark BONDS Virginia SAVES Green Community P	QECB Interest Only	5/12/2017 5/12/2031 C	Actual/365 Performing 001	0.0000000000 0.0000000000 0.0000000000	\$1,644,211.00 \$0.00 \$0.00	\$1,644,211.00 \$0.00 \$0.00	\$1,644,211.00 \$0.00 \$1,665,320.00
FSD588616 007 31801015	Mark BONDS Virginia SAVES Green Community P	QECB Interest Only	7/25/2017 7/15/2037 C	Actual/365 Performing 001	0.0000000000 0.0000000000 0.0000000000	\$1,837,040.78 \$0.00 \$0.00	\$1,837,040.78 \$0.00 \$0.00	\$1,837,040.78 \$0.00 \$1,850,000.00
FSD588616 008 31801010	Mark BONDS Virginia SAVES Green Community P	QECB Interest Only	9/28/2017 8/15/2029 C	Actual/365 Performing 001	0.0000000000 0.0000000000 0.0000000000	\$7,581,717.08 \$0.00 \$0.00	\$7,581,717.08 \$0.00 \$0.00	\$7,581,717.08 \$0.00 \$7,900,000.00

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FSD588616 009 31801060	Mark BONDS Virginia SAVES Green Community P	QECB Interest Only	12/29/2017 7/1/2050 C	Actual/365 Performing 001	0.0000000000 0.0000000000 0.0000000000	\$40,000,000.00 \$0.00 \$0.00	\$40,000,000.00 \$0.00 \$0.00	\$40,000,000.00 \$0.00 \$40,000,000.00
GL Code Totals	Subtotals for:	QECB				\$61,427,065.46	\$61,427,065.46	\$61,427,065.46
	Number of Loans:	8				\$0.00	\$0.00	\$0.00
						\$0.00	\$0.00	\$62,865,320.00
FSD35118 001 31901085	Anna BONDS Downtown Norfolk & Virginia Beach	TDRB Maturity	8/1/2018 4/4/2028 C	Actual/365 Performing 001	0.0000000000 0.0000000000 0.0000000000	\$12,220,000.00 \$0.00 \$0.00	\$12,220,000.00 \$0.00 \$0.00	\$25,140,000.00 \$0.00 \$25,285,248.00
FSD35118 001 31901090	Anna BONDS Downtown Norfolk & Virginia Beach	TDRB Interest Only	8/1/2018 4/1/2041 C	Actual/365 Performing 001	0.0000000000 0.0000000000 0.0000000000	\$4,305,000.00 \$0.00 \$0.00	\$4,305,000.00 \$0.00 \$0.00	\$25,140,000.00 \$0.00 \$25,285,248.00
FSD35118 001 31901095	Anna BONDS Downtown Norfolk & Virginia Beach	TDRB Interest Only	8/1/2018 4/1/2048 C	Actual/365 Performing 001	0.0000000000 0.0000000000 0.0000000000	\$6,135,000.00 \$0.00 \$0.00	\$6,135,000.00 \$0.00 \$0.00	\$25,140,000.00 \$0.00 \$25,285,248.00
FSD35118 001 31901100	Anna BONDS Downtown Norfolk & Virginia Beach	TDRB Interest Only	8/1/2018 4/1/2048 C	Actual/365 Performing 001	0.0000000000 0.0000000000 0.0000000000	\$2,480,000.00 \$0.00 \$0.00	\$2,480,000.00 \$0.00 \$0.00	\$25,140,000.00 \$0.00 \$25,285,248.00
GL Code Totals	Subtotals for:	TDRB				\$25,140,000.00	\$25,140,000.00	\$25,140,000.00
	Number of Loans:	4				\$0.00	\$0.00	\$0.00
						\$0.00	\$0.00	\$25,285,248.00
Grand Totals:	Number of Loans:	75				\$2,774,086,423.82	\$2,774,086,423.82	\$2,795,879,955.92
						\$0.00	\$0.00	\$21,793,532.10
						\$0.00	\$0.00	\$4,231,011,474.00