



December 11, 2017

Senator Bill Sample, Co-Chair
Representative Jim Dotson, Co-Chair
Arkansas Legislative Council
Room 315, State Capitol
Little Rock AR 72201

Dear Senator Sample and Representative Dotson:

As required by ACA §15-5-1110(a), I am providing information that describes the financial condition, the results, and economic impact of the Arkansas Development Finance Authority's (ADFA) Capital Access program (CAP).

The purpose of CAP is to make funds available to borrowers who might otherwise have difficulty in obtaining conventional bank loans. The program accomplishes this purpose by partnering with lenders to build a loan loss reserve account each time a lender enrolls a loan into the program. The loan loss reserve account is available on a pooled basis to be applied to any of the lenders CAP loans. The funds are maintained on deposit with the lender in ADFA's name. Additionally, the loan pool deposited with the lender will increase as the lender increases the number of loans enrolled.

The ADFA, as administrator, is not a party to loan transactions and plays no role in underwriting, approving or servicing the loans. The program leverages private capital on a twenty-to-one basis (20:1), for every one public dollar provided, the lenders loan twenty dollars. We believe this to be a fantastic way to leverage public dollars. The average loan size is between \$30,000 and \$50,000 and that is why we believe this program is so beneficial to small businesses here in Arkansas.

Please feel free to contact me directly at 682-5905 if you have any questions or would like to learn more about CAP and ADFA.

Sincerely,

A handwritten signature in blue ink that reads "Bradley T. Henry".

Brad Henry
Vice President Development Finance



Arkansas Capital Access Program
Statement of Net Position - UNAUDITED
June 30, 2017

ASSETS

Cash and cash equivalents	373,631
Accrued interest receivable:	
Investment	<u>29</u>
Total Assets	<u>373,660</u>

LIABILITIES

Other payables	<u>-</u>
Total Liabilities	<u>-</u>

NET POSITION

Restricted by program requirements	<u>373,660</u>
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Arkansas Capital Access Program
Statement of Revenues, Expenses and Changes in Net Position - UNAUDITED
For the Year Ended June 30, 2017

OPERATING REVENUES:

Interest income:	
Investment Interest Income	754
Reserve Fees	<u>56,400</u>
 Total operating revenues:	 57,154

OPERATING EXPENSES:

Program administration	<u>18,196</u>
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OPERATING INCOME	<u>38,958</u>
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Transfer Out	<u>(35,999)</u>
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CHANGE IN NET POSITION	2,959
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NET POSITION:

Beginning of year	<u>370,701</u>
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End of year	<u>373,660</u>
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Capital Access Loan Program

Cumulative Program Activity

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BY INDUSTRY

Industry Sector	No. of Loans	% of Loans	Guaranteed Loan Amt.	Public Funds	% of Total Funds	Average Loan Amount
11: Agriculture, Forestry, Fishing, Hunting	185	29.04%	\$7,792,646.88	\$198,621.04	28.32%	\$42,122
21: Stone Mining, Rock Quarry	1	0.16%	\$3,000.00	\$135.00	0.02%	\$3,000
23: Construction	48	7.54%	\$1,383,863.92	\$49,596.15	7.07%	\$28,830
31, 32, 33: Mfg - Food-Wood-Metal	43	6.75%	\$1,765,436.00	\$68,493.28	9.77%	\$41,057
42, 44-45: Wholesale / Retail Trade	116	18.21%	\$3,335,287.84	\$133,133.02	18.98%	\$28,752
48-49: Transportation / Warehousing	36	5.65%	\$1,007,219.95	\$38,904.24	5.55%	\$27,978
51: Information	2	0.31%	\$13,000.00	\$585.00	0.08%	\$6,500
52: Finance & Insurance	4	0.63%	\$58,500.00	\$2,055.00	0.29%	\$14,625
53-81: All Other Services (excp't Pblc Admin)	202	31.71%	\$5,740,150.16	\$209,867.86	29.92%	\$28,417
Totals	637	100.00%	\$21,099,104.75	\$701,390.59	100.00%	

BY COUNTY

Ashley	1	0.16%	\$2,000.00	\$60.00	0.01%	\$2,000.00
Benton	18	2.83%	\$230,500.00	\$10,245.00	1.46%	\$12,805.56
Boone	35	5.49%	\$764,562.54	\$33,955.57	4.84%	\$21,844.64
Bradley	94	14.76%	\$4,124,271.91	\$113,183.69	16.14%	\$43,875.23
Carroll	12	1.88%	\$214,150.00	\$9,186.75	1.31%	\$17,845.83
Chicot	1	0.16%	\$10,000.00	\$450.00	0.06%	\$10,000.00
Clark	66	10.36%	\$1,583,355.78	\$54,607.70	7.79%	\$23,990.24
Clay	1	0.16%	\$200,000.00	\$9,000.00	1.28%	\$200,000.00
Columbia	2	0.31%	\$121,145.00	\$3,635.00	0.52%	\$60,572.50
Craighead	6	0.94%	\$120,500.00	\$4,522.50	0.64%	\$20,083.33
Crittenden	2	0.31%	\$55,000.00	\$2,475.00	0.35%	\$27,500.00
Crawford	3	0.47%	\$40,000.00	\$1,800.00	0.26%	\$13,333.33
Cross	3	0.47%	\$50,000.00	\$1,500.00	0.21%	\$16,666.67
Dallas	3	0.47%	\$73,500.00	\$2,985.00	0.43%	\$24,500.00
Desha	6	0.94%	\$486,000.00	\$12,915.00	1.84%	\$81,000.00
Drew	1	0.16%	\$333,400.00	\$10,002.00	1.43%	\$333,400.00
Faulkner	3	0.47%	\$50,000.00	\$1,725.00	0.25%	\$16,666.67
Garland	20	3.14%	\$1,328,679.00	\$31,165.58	4.44%	\$66,433.95
Greene	3	0.47%	\$54,200.00	\$2,139.00	0.30%	\$18,066.67
Hempstead	11	1.73%	\$782,952.12	\$21,590.12	3.08%	\$71,177.47
Hot Spring	5	0.78%	\$119,500.00	\$5,415.00	0.77%	\$23,900.00
Howard	2	0.31%	\$47,000.00	\$1,560.00	0.22%	\$23,500.00
Independence	1	0.16%	\$15,000.00	\$450.00	0.06%	\$15,000.00
Jefferson	21	3.30%	\$978,202.73	\$40,012.12	5.70%	\$46,581.08
Jackson	2	0.31%	\$35,000.00	\$1,050.00	0.15%	\$17,500.00
Lafayette	43	6.75%	\$1,257,702.41	\$30,737.19	4.38%	\$29,248.89
Lee	2	0.31%	\$45,000.00	\$1,575.00	0.22%	\$22,500.00
Lincoln	1	0.16%	\$48,000.00	\$2,160.00	0.31%	\$48,000.00
Lonoke	4	0.63%	\$411,000.00	\$18,120.00	2.58%	\$102,750.00
Madison	31	4.87%	\$284,300.00	\$11,248.50	1.60%	\$9,170.97
Marion	1	0.16%	\$10,000.00	\$450.00	0.06%	\$10,000.00
Miller	77	12.09%	\$3,479,214.61	\$86,845.70	12.38%	\$45,184.61
Mississippi	2	0.31%	\$33,945.50	\$3,360.00	0.48%	\$16,972.75
Monroe	10	1.57%	\$928,721.63	\$29,884.95	4.26%	\$92,872.16
Newton	3	0.47%	\$30,000.00	\$1,350.00	0.19%	\$10,000.00
Ouachita	1	0.16%	\$9,772.09	\$293.16	0.04%	\$9,772.09
Phillips	7	1.10%	\$181,620.00	\$9,700.32	1.38%	\$25,945.71
Pike	1	0.16%	\$11,500.00	\$345.00	0.05%	\$11,500.00
Poinsett	15	2.35%	\$482,490.50	\$38,310.32	5.46%	\$32,166.03
Polk	2	0.31%	\$65,000.00	\$3,675.00	0.52%	\$32,500.00
Pope	1	0.16%	\$20,000.00	\$900.00	0.13%	\$20,000.00
Prairie	1	0.16%	\$62,500.00	\$2,812.50	0.40%	\$62,500.00
Pulaski	49	7.69%	\$888,577.70	\$40,778.49	5.81%	\$18,134.24
Saline	1	0.16%	\$15,000.00	\$450.00	0.06%	\$15,000.00
Searcy	5	0.78%	\$45,000.00	\$1,500.00	0.21%	\$9,000.00
Sebastian	1	0.16%	\$3,000.00	\$135.00	0.02%	\$3,000.00
Sevier	1	0.16%	\$10,000.00	\$450.00	0.06%	\$10,000.00
St. Francis	9	1.41%	\$221,039.73	\$8,027.30	1.14%	\$24,559.97
Union	3	0.47%	\$94,000.00	\$5,070.00	0.72%	\$31,333.33
Van Buren	3	0.47%	\$56,560.00	\$3,965.40	0.57%	\$18,853.33
Yell	1	0.16%	\$10,000.00	\$450.00	0.06%	\$10,000.00
Washington	39	6.12%	\$541,000.00	\$19,995.00	2.85%	\$13,871.79
Woodruff	1	0.16%	\$35,241.50	\$3,171.73	0.45%	\$35,241.50
Totals	637	100.00%	\$21,099,104.75	\$701,390.59	100.00%	\$33,122.61

RESERVE BALANCES

Bank Name	OUTSTANDING LOAN BALANCES	RESERVE BALANCE	CLAIMS by Borrower
Southern Finl Part [closed]		\$0.00	Southern Finl Part 3 \$19,674.27
CSB / Bank of Bradley	309,773.48	\$84,613.30	Community State Bank 7 \$429,766.91
Equity (fka Community First Bank)	184,899.83	\$7,285.34	Equity Bank fka Comm 1st Bank 8 61917.88
Southern Bancorp	220,406.33	\$66,985.80	Southern Bancorp fka Elk Horn 8 \$209,161.86
Enterprise Corp of the Delta	50,709.37	\$85,837.71	Ent Corp of the Delta 1 \$127,000.00
Regions [closed]		\$0.00	Regions [closed]
1st Jacksonville Bank [closed]		\$0.00	1st Jacksonville Bank 1 \$4,564.07
Little River Bank of Lepanto (closed)		\$0.00	Little River Bank (Inactive) 1 \$47,658.33
Alt.Consulting	184,079.76	\$34,717.92	Communities Unlimited fka Alt 3 \$6,522.66
ACCION	33,605.12	\$7,015.44	Lift Fund fka ACCION 2 \$48,556.65
Fidelity National		\$0.00	Fidelity National
FORGE	1,690,469.23	\$104,546.44	FORGE 3 \$24,844.35
Totals	\$ 2,673,943.12	\$391,001.95	Claim Totals 37 \$979,666.98

Capital Access Loan Program

Cumulative Program Activity

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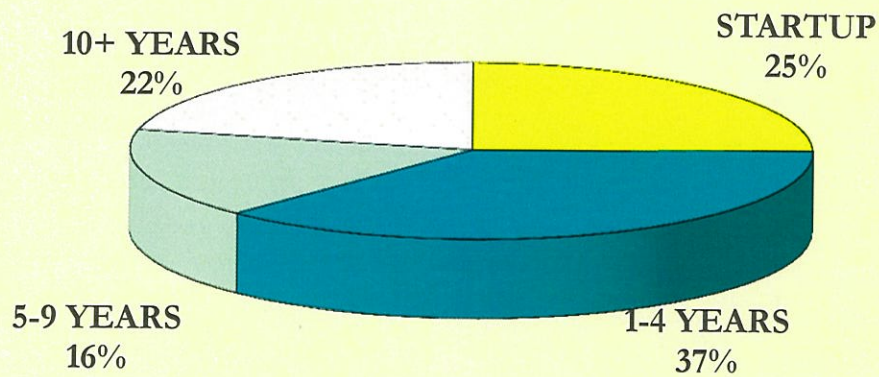
BY SIZE

Guaranteed Loan Size	No. of Loans	% of Loans	Dollar Amount
0-\$24,999	394	61.85%	\$5,585,707.48
\$25,000-\$49,999	140	21.98%	\$4,879,005.44
\$50,000-\$74,999	41	6.44%	\$2,050,533.65
\$75,000-\$99,999	14	2.20%	\$909,682.92
\$100,000-\$124,999	14	2.20%	\$1,364,031.50
\$125,000 and up	34	5.34%	\$6,310,143.76
Totals	637	100.00%	\$21,099,104.75

No. of Jobs 22560
Public \$ Leverage 30.08 to 1

BY AGE

LOANS BY AGE OF BUSINESS



Capital Access Loan Program

Minority Program Activity

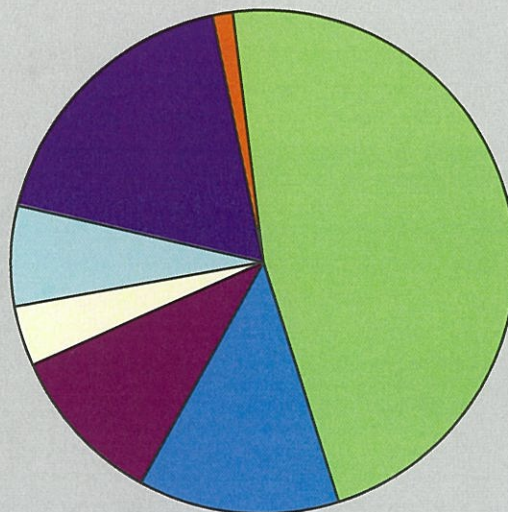
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INDUSTRY	NO. OF LOANS	AMOUNT OF LOANS	PUBLIC FUNDS
11-Nonmfg-Agriculture	20	636,139.50	\$22,508.92
23-Construction	16	204,602.73	\$7,241.37
31, 32, 33: Mfg - Food-Wood-Metal	6	83,439.00	\$2,953.17
48-49 Nonmfg-Transp/PubUtil	10	206,283.63	\$8,273.41
42, 44, 45 Nonmfg-Whol/Retail Tra	28	510,666.77	\$18,614.86
51: Information	2	13,000.00	\$585.00
53-81-Other Nonmfg-Services	73	1,710,985.59	\$64,917.17
Totals	155	\$ 3,365,117.22	\$125,093.90

Program Comparative Totals	NO. OF LOANS	AMOUNT OF LOANS	PUBLIC FUNDS
Minority Loan Totals	155	\$3,365,117.22	\$125,093.90
Total Cap Program Activity	637	\$21,099,104.75	\$701,390.59
Percentage Minority Activity	24.33%	15.95%	17.84%

MINORITY ACTIVITY BY INDUSTRY



■ 11-Nonmfg-Agriculture	■ 23-Construction	■ 31, 32, 33: Mfg - Food-Wood-Metal
■ 48-49 Nonmfg-Transp/PubUtil	■ 42, 44, 45 Nonmfg-Whol/Retail Trade	■ 51: Information
■ 53-81-Other Nonmfg-Services		