President’s Statement

“We disbursed 153 loans totaling $2,950,123.47, served 69 repeat customers, opened a new branch in Baltimore, recommenced the Office of Refugee Resettlement (ORR) Microloan Program, and developed new, innovative loan products to meet our client’s needs.”

Dear friends,

On behalf of ECDC Enterprise Development Group (EDG) staff and board, I am pleased to present to you the Annual Impact Report for FY 2017. As can be noted from the contents of this report, 2017 was an especially productive and fruitful year for our organization. We disbursed 153 loans (totaling $2,950,123.47), served 69 repeat customers, opened a new branch in Baltimore, recommenced the Office of Refugee Resettlement (ORR) Microloan Program, and developed new, innovative loan products to meet our clients’ needs. Moreover, we increased our staff size by hiring six new members. Each of these new members brings their own unique skillset and fresh, new energy to this organization. However, the impact of our work does not stop there.

In this year’s report, we have not only included our quantitative successes, but we have also provided stories that exemplify our holistic understanding of the profound influence that EDG’s financial inclusion opportunities have on the lives of loan recipients and their families, local communities, and the greater economy. In other words, we realize that impact spans far beyond numbers, so we have reimagined the ways in which we communicate the life-changing nature of EDG’s programs and services. We hope that this year’s report provides you with a deeper understanding of EDG’s programmatic and organizational successes.

Along with reflecting upon our accomplishments from the past year, we are also looking forward as we carefully construct EDG’s 5-year strategic plan, 2018-2023. We are optimistic as we look forward and plan for our organization’s exciting future. There will be more information about this strategic plan in the coming months, but until then, I want to thank you for your commitment and for being part of the EDG family. Your continued support is a critical component of EDG’s success.

Until next year,

Tsehaye Teferra, PhD (President and CEO)
The impact of EDG goes far beyond helping customers to start a business.

The follow-up and technical assistance program offered by EDG has been instrumental to ensure the success of the businesses financed. Moreover, successful businesses often come back for a new loan to expand their business. In fiscal year 2017, 69 customers were those returning for a new loan.

EDG is proud to report such a notable size of customers who successfully paid off their loans by conducting a viable business and thus became eligible to obtain additional loans to expand their businesses. Amongst repeat customers, we’ve found that customers who started a business with one truck loan, ended up owning two or more trucks in a couple of years, thereby creating employment opportunities for other drivers.

**Business Development, Sustainability, and Portfolio Impact**

1. **We opened a new branch in Baltimore.** EDG has expanded its outreach to Baltimore, an area where encouraging microbusinesses has the potential to contribute to economic growth in Baltimore County.

2. **We developed new loan products.** Credit Builder Loans (CBLs) and Step-Up Loans (SUL) are two new ways to provide access to capital for our clients. CBLs are loans from $500 to $1000, while the SUL is a small loan from $1001 to $5000 (such loans help to build trust between clients and financers, so that clients can eventually obtain larger loans to expand their businesses).

3. **We helped to expand existing businesses.** 7 clients, who initially purchased 1 truck, returned to expand their businesses. Many of those clients now own 2-3 trucks, and they employ drivers within their businesses.

4. **We financed a variety of sectors.** In FY 2017, we financed a range of sectors, from restaurants and cafes, to grocery stores, food trucks, dump trucks, interstate trucks, non-emergency medical transportation, car loans, and consulting services.

5. **We worked to diversify our portfolio.** Portfolio diversification is now a strategic priority for EDG. We are striving to expand our scope of coverage to micro-businesses of all kinds.

**153 Loans Totaling $2,950,123.47**

The fact that EDG closed this number of loans shows the extent to which it has impacted the startup of new businesses and sustaining existing ones.
"One client in the transportation business started out with a $500 Credit Builder Loan and was able to improve his credit score from 557 to 618 in just 6 months."

Roman Corpuz, Resource Development Manager

Credit Builder Success

In the last quarter of 2016, EDG entered into a partnership with Wells Fargo to provide loans through their Diverse Community Capital Program. The program’s aim is to stimulate the economy of various cities mired in poverty, like Baltimore City (with the help of microloan intermediaries like EDG).

In the first few months of running the program, EDG was not able to close any loans, until it realized that the demographics within Baltimore are a bit different—characterized by very low 3-Cs (e.g., low-to-no collateral, credit, or cosigner).

Immediately, EDG introduced two new loan products, the Credit Builder Loan and Step-Up Loan Program. After 1 year, and as a result of the new, innovative loan products, EDG was able to help 21 businesses (e.g., cleaning companies, events management, food trucks, assisted living, event, and catering).

Both credit-builder and step-up loans are expected to make a difference in the lives of Baltimore City entrepreneurs. EDG is set to expand this program with the assistance of the Goldsekker Foundation, Maryland Department of Housing and Community Development, and the Small Business Administration (Baltimore District).

Why are CBLs important?
Increasing credit scores can have a monumental impact on the lives of clients. Entrepreneurs with higher credit scores receive better interest rates and have better chances of accessing capital when they need it.

Step-Up Loans
SULs improve access to small business loans, and they also improve credit scores, reduce risks, and improve chances of success for microentrepreneurs.

Success Story
A client in the cleaning business started with a $1000 step-up loan and increased her credit from 631 to 653. She is now ready to borrow a bigger amount of money and expand her business.
300 Students Taught to Prepare Own Taxes

"This newfound skill (tax preparation) of the students will have a positive multiplier effect in the immigrant community, and hopefully prevent them from falling victim to false accusations of tax fraud."

Teaching Latino Working Students in Arlington, VA to Combat Tax Fraud

Each year after tax season, many immigrants, come to ECDC EDG with a notice from the IRS, and they are forced to return their refunds with penalties and interest.

In order to address this issue EDG, Arlington Community High School (ACHS), and Communities in Schools partnered to teach working, immigrant high school students how to do their own taxes (using free software like Turbo Tax Freedom Edition and My Free Taxes). The program assisted 7 working students to complete their taxes.

Additionally, via the Intuit Financial Freedom Foundation, E*Trade foundation, and Virginia Action Partnership, EDG and Northern Virginia Community College taught more than 300 students in 5 campuses how to prepare their own taxes.

SUCCESS STORY:

Transportation Loan

Turning $15,000 into 10 Trucks and 4 Employees.

A few years ago, Dawit Endalkachew (of David Trucking) came to EDG seeking a $15,000 loan to expand his trucking business. Prior to seeking the loan from EDG, he worked his way from being a driver to beginning his own trucking business.

Dawit admits that the first loan he got from EDG was life-changing and he has since applied and been approved for subsequent loans to expand his business (from one truck to 8 dump trucks and 2 snow removal trucks).
EDG, which formally began operations on May 01, 2001, when its nonprofit status was approved by the Internal Revenue Service, is a Community Development Financial Institution currently certified by the Community Development Financial Institutions Fund of the United States Department of the Treasury pursuant to the regulations of the CDFI and is an SBA Microloan Program Intermediary.

EDG’s activities are supported primarily by grants and loans from the federal, state, and local government agencies; financial institutions; as well as private foundations; corporate and public individual contributions of cash, goods, and services.

EDG is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code and is not classified as a private foundation as defined in Code Section 509(a) and qualifies for deductible contributions as provided in Section 170(b)(1) of the Internal Revenue Code, and as such is subject to income taxes only to the extent of unrelated business income. EDG is, however, required to file Federal Form 990-Return of Organization Exempt from Income Tax, which is an informational return only.

(Alexander Gibbs Chartered, Certified Public Accountant, Largo, Maryland)

This financial report has been taken from EDG’s Audited Financial Statements. A complete copy of the statements are available upon request.

Statement of Financial Position (As of September 30, 2017)

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<td>Total Liabilities and Net Assets</td>
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2017 Audit Report

U.S Office of Management and Budget Circular A-133 Reports
Fiscal year 2017 was a year of new beginnings.

We gained a new Managing Director, Fikru Abebe, a new Senior Loan & Technical Assistance Manager, Esayas Gebrehiwot, a new Program Coordinator for the Office of Refugee Resettlement (ORR) Microloan Program, Ashley Davis, and a new Marketing and Training Specialist, Abnet Tessema (for ORR as well).

We opened a new branch in Baltimore, and in that location, we gained an Operations Manager, Robert Solem, and Loan Officer, Angella Aizire.

Also, under the direction of Fikru Abebe, Managing Director, we began working with an external consultant, MMP Associates, to devise a 5-year strategic plan. This plan will define priorities and design a pathway forward. Additionally, it will take the many lessons and successes from the past and transform them into the way forward.

Thank you for growing with us!

$2.95 Million The amount EDG disbursed to new and existing businesses.

Thank you for your commitment and for being part of the EDG family.
A Special Thank You to Our Sponsors:

Federal Government:
- Department of Health and Human Services, Office of Refugee Resettlement
- Department of the Treasury
- Small Business Administration

State and Local Governments:
- Commonwealth of Virginia, Department of Housing and Community Development
- Arlington County
- Fairfax County CCFP
- City of Alexandria

Banks, Foundations, and Corporations:
- Capital One Foundation
- E*Trade
- HSBC Bank USA
- Wells Fargo Foundation
- TD Bank
- United Way
- Intuit Financial Freedom Foundation
- Virginia Community Action Partnership
- Goldseker Foundation
- Anonymous Foundation