



Carolina  
Small Business  
DEVELOPMENT FUND

2018  
Annual Report



“

*One of the greatest things we can do is build our communities. And a most effective way to do that is to nurture small businesses. It's an investment that grows where we live.*

**LENWOOD V. LONG, SR.**  
**PRESIDENT & CEO**



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## Branching out to benefit communities across North Carolina

Our state's economy is among the fastest-growing in the nation. Technology and innovation are fueling rapid change before our eyes. My charge, as the President and CEO of a statewide community development financial institution, is to be sure that those who have the courage to take the leap and start their own ventures have the resources they need to succeed.

To keep pace with the evolving economic reality around us, our organization must expand and adapt as well. This annual report tells the story of how access to flexible financing paired with community engagement programs promotes small business entrepreneurship, particularly among those who must navigate barriers to success.

A close look at who attended our 4th Annual Western Women's Business Conference illustrates the power of our simultaneous outreach to multiple historically underserved communities. Besides 97% of participants being women, more than 1 in 4 identified as African-American, Asian or Latino. Veterans as well as disabled entrepreneurs were also represented.

I place emphasis on this scope of participation in all the work that we do and within our organization. Capitalizing on the experience and perspective of diversity adds tremendous value to local and regional small business ecosystems, in turn boosting the state's overall performance.

As we continue to progress on the path of building a stronger economy for all, we are doing much more than imparting expertise and issuing loans. Our research and experience shows that the success of small business owners, their employees and families is conducive to the essential social bonds that comprise the fabric of cohesive communities.

This is the ultimate outcome at the heart of Carolina Small Business' mission. I am proud of what my team and our partners accomplished in the course of a year. And, with great appreciation for the public and private support we receive, we remain committed to our pursuit of positive impacts.

Be Steadfast!

Lenwood V. Long, Sr.  
President & CEO



## Board of Directors

As comprised June 30, 2018

**W.A. Tony Hayes**  
*Board Chair*  
President & CEO  
Trancas, LLC

**Stephanie S. Twitty**  
*Board Vice Chair*  
President & CEO  
Eagle Market Street  
Development Corporation

**Cheryl Diuguid**  
*Board Treasurer*  
Senior Business Executive  
Global Technology  
& Manufacturing

**Nancy Stroud**  
*Board Secretary*  
Bank of America  
(Retired)

**Ted Archer**  
Vice President & Head of  
Small Business Forward  
JPMorgan Chase & Co.

**Dr. Paulette Dillard**  
President  
Shaw University

**Jada Grandy-Mock**  
Senior VP & Regional CRA  
Strategies Director  
Fifth Third Bank

**John Holdsclaw, IV\***  
Senior Vice President  
National Cooperative Bank

**Lori Jones-Gibbs**  
Senior Vice President  
Community Development  
Carolina Market Manager

**Barbara Hill Lee**  
Founder & Executive Director  
NC Area Day Reporting Center

**Henry McKoy**  
Director of Entrepreneurship  
North Carolina Central  
University School of Business

**Ken Reece\***  
SVP & Private Banking Executive  
Mid-Atlantic Region  
First Tennessee Bank

**Jeff Roegge**  
Senior Vice President/SBA  
SunTrust Bank

**James Sills**  
President & CEO  
M&F Bank

**Willy E. Stewart**  
Chief Executive Officer  
Stewart Inc.

**Garrett Taylor**  
CEO  
Uplift Comprehensive Services

\* Ex-Officio

## We are Dream Catchers.

Carolina Small Business Development Fund fosters economic development in underserved communities through capital, business coaching, and policy research to support small businesses.



## Transforming bright ideas into a bright future

Small businesses are anything but a small factor in the economy. Here in North Carolina, almost 85% of employer businesses have fewer than 20 employees, making up about a quarter of all employment statewide. Yet, as potent job creators and economic drivers, too many entrepreneurs face barriers to starting or growing their ventures.

To help bridge this gap, Carolina Small Business offers loans and customized training — as well as research and advocacy — that empowers entrepreneurs to build the small businesses of their dreams.

Loans and lines of credit up to \$250,000 are available for qualified start-ups and existing businesses ready to expand. These loans have flexible terms and just a 10% equity requirement. When paired with tailored training, aspiring entrepreneurs have a trusted partner, invested in their success, for the benefit of the broader community.



# Equipping entrepreneurs to thrive in their ventures

Carolina Small Business builds relationships with aspiring entrepreneurs to provide them with the guidance and specialized training they need to succeed.

Many who want to start or expand a business are an authority on the product or service that is their specialty. But not everyone has a professional background in areas such as business planning, accounting or management.

This is where the experienced coaches at Carolina Small Business assist its current and prospective borrowers, through one-on-one coaching, group workshops and online resources.

Among many events throughout FY18, business development and business services team members participated in roundtables and expos across the state, on topics including disaster recovery, minority business ownership and support for startups.

 **4,655 Clients** served through group training

 **783 Clients** served through one-on-one coaching

In August 2017, the organization relocated the business services team to its Innovation & Entrepreneurship Center, known as the IEC, in Downtown Raleigh. The IEC grew out of a partnership with Shaw University and is a primary location where specialized training and webinars are conducted.

One example of the IEC's impact was the Southeast Raleigh Innovation accelerator. This program, hosted by the Center downtown, resulted in \$120,000 in grant funding awarded after the final pitch competition. Carolina Small Business also supported cohorts of students in the LaunchRALEIGH and LaunchDURHAM programs.

Customized training is tightly integrated with Carolina Small Business' lending. Through the Capital Acquisition Required Education Services (CARES) program, clients can become ready for loan approval and poised to operate profitable, sustainable ventures.



## Coaching helps mother of three bring small business dream to life, supporting healthy families

When Cheryle Lakes decided to start a venture to serve expecting mothers, Blooming Baby 4D, it was only natural she wasn't always sure what to do. But she was glad she could pick up the phone and call an advisor with Carolina Small Business for assistance.



"The folks at Carolina Small Business guided me through the entire process," Lakes said. "I felt comfortable asking the hard questions and there was always someone available to answer them."

Often, that someone was Angela Milton, who has been training aspiring small business owners like Lakes for more than a decade. Generous support from funders makes it possible.

"There is nothing more rewarding than seeing a person like Cheryle succeed," Milton said. "And it is wonderful that her success is helping people in her community have healthy babies."

Blooming Baby 4D offers state-of-the-art elective ultrasounds, event space for baby showers and other amenities unique to the area. As a lead sonographer at Duke Hospital, and married mother of three, Lakes came to embrace giving

peace of mind and comfort to women during pregnancy.

"We are the only studio of this type within a 40-mile radius of Wake Forest, North Carolina," Lakes said. "And we offer live streaming services for out-of-town families."

Lakes, who earned a full athletic scholarship to study biology and chemistry at Columbus State University, points to her business coach for helping to make her entrepreneurial dream come true. Milton and her colleagues assisted with Lakes' business plan, projections worksheet - and offered encouragement to persevere in the face of uncertainty.

"This experience was much different from one that you would receive at a traditional bank," she said. "They believed in me sometimes when I didn't believe in myself. I highly recommend Carolina Small Business Development Fund."

“This experience was much different from one that you would receive at a traditional bank. They believed in me sometimes when I didn't believe in myself.”

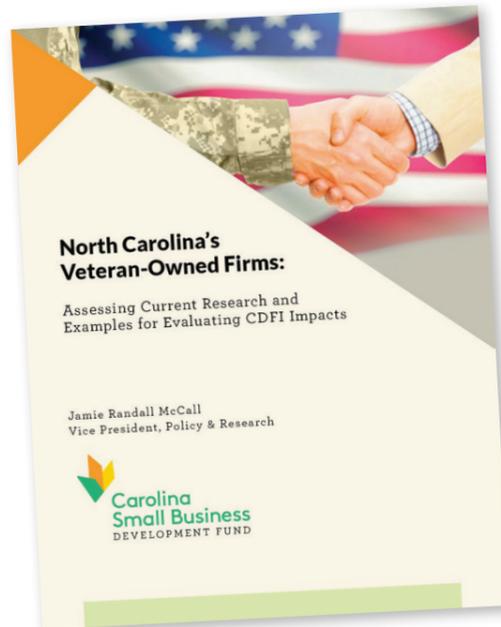
**CHERYLE LAKES**

After celebrating Blooming Baby 4D's first birthday on October 1 of 2018, the future looks bright for the business. At the time, Lakes planned to hire two part-time ultrasound technologists and a full-time receptionist.

# Exploring the numbers to advance the conversation

More than ever, leaders focus on making data-driven decisions. Knowing what numbers to focus on – and understanding what they mean – can help determine a course of action.

Through its policy and research program, Carolina Small Business is an advocate for the essential nature of small firms in the big picture. And it uses the same expertise to identify and highlight the challenges and opportunities ahead for entrepreneurs.



In FY18 there was a deliberate emphasis on elevating Carolina Small Business as a contributor in both theoretical and practical dialogues about community economic development. To achieve this goal, relevant and accessible analysis was published. Priorities for FY18 and beyond include:

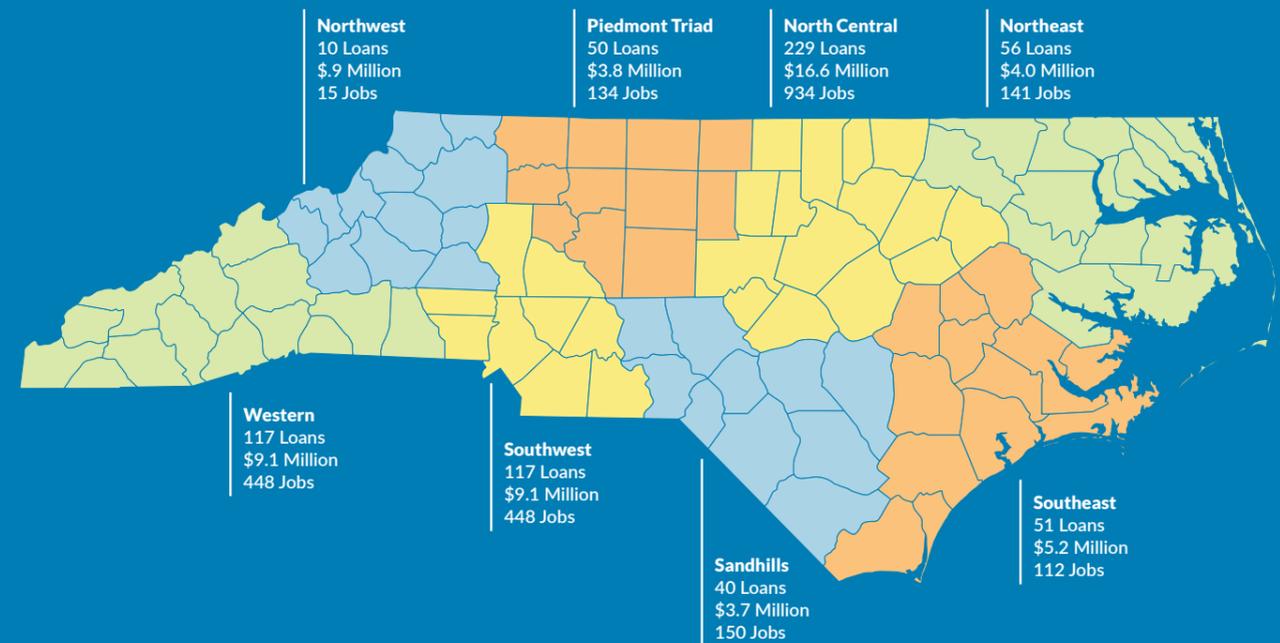
- The interconnected nature of community and economic development, demonstrating how small business is fundamental to economic growth.
- Highlighting the unique challenges facing entrepreneurs in underserved communities, both demographically and geographically.
- Demonstrating for key stakeholders the importance of holistic outcome metrics when evaluating community development efforts.

A noteworthy research report and brief produced in FY18 focuses on veteran entrepreneurship. This research defined the current landscape of veteran-owned firms and their outsized economic impact.

Beyond publishing white papers, reports and briefs, Carolina Small Business engages in collaborative research with institutions such as UNC Chapel Hill. The results of this research is shared through blogs, social media, presentations and conferences, and in articles in peer-reviewed scholarly journals.

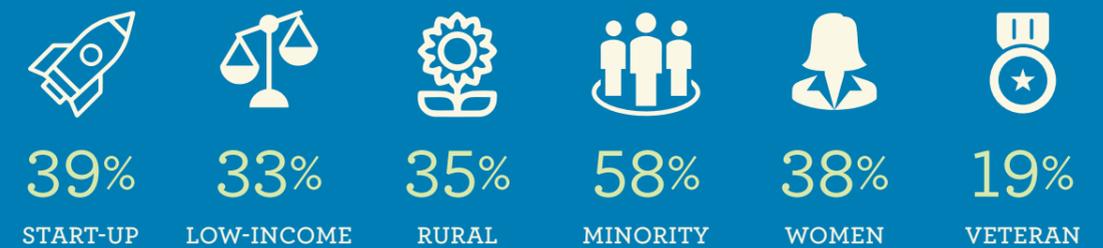
## Investing in small businesses statewide

FROM 2010 THROUGH FY18, CAROLINA SMALL BUSINESS MADE:



## Building a stronger economy for all

CLIENTS REFLECT NORTH CAROLINA'S BROAD DIVERSITY:





## Expanding presence to empower women

The realization of second and third dedicated regional women's business resource centers are major milestones in Carolina Small Business' outreach.

Significant expansion with the focus on women entrepreneurs in FY18 was marked by the opening of the Eastern Women's Entrepreneurship Center (EWEC) and the creation of Coastal Women's Ventures (CWV) in October 2017.

The EWEC was established in partnership with Elizabeth City State University, one of North Carolina's Historically Black Colleges and Universities. The surrounding region faces profound economic challenges. To address this, EWEC staff provides one-on-one coaching and facilitates flexible loans within a 30-county service area.



At left is Sharon Oxendine, Director of the WWBC, and Briles Johnson, former director of the U.S. Small Business Administration Women's Business Center in Raleigh at the 4th Annual Western Women's Business Conference.

Down the coast in Wilmington, Coastal Women's Ventures was launched in partnership with the Lower Cape Fear YWCA. The first program of its kind in Southeastern North Carolina, CWV became a one-stop resource for aspiring women entrepreneurs in the Port City and surrounding service area, providing technical assistance and a pathway to accessible financing.

Founded in 2014, the Western Women's Business Center (WWBC) is in partnership with and located on the campus of Asheville-Buncombe Technical Community College in Candler. The WWBC serves as a catalyst for the success of women-owned small businesses in the mountain region, offering coaching, workshop programming and networking opportunities. The U.S. Small Business Administration bestowed the WWBC with two 2018 awards, naming it Regional Women's Business Center of the Year and named its director North Carolina Women in Business Advocate of the Year.

In addition to the regional focus of these centers, Carolina Small Business' coverage as a statewide CDFI translates to the availability of services for aspiring women entrepreneurs from Murphy to Manteo, and all the geography in between.



GirlGoCook

SUCCESS STORY

Greenville, SC

## Holiday gift idea sparks sweet success for GirlGoCook

From tinkering in the kitchen to becoming a catering queen, one woman entrepreneur's journey is proof that following an instinct can lead to great things.

At first, Robyn Harris just wanted to make unique presents to give to family and friends. As the days counted down to Christmas in 2016, she experimented with adding wine to her homemade jelly. The first batch burned. But she didn't give up.

Robyn rebounded and discovered holiday magic with a chardonnay pineapple jelly. Before packing up some jars to send to out to the names on her Christmas list, she recruited friends in her Greenville, SC neighborhood to give the flavor a try. Their taste buds confirmed Robyn had a hit on her hands; by New Year's Day folks were knocking on her door to place orders of their own. GirlGoCook, offering wine & liqueur-infused jellies, was born.

To help her baby business grow, Robyn relied on the coaching and mentorship of the Western Women's Business Center. Travelling north on I-26 to the Asheville area, she participated in many WWBC workshops including the Best Year Yet program and became a catalyst at the heart of the African-American Business Association community. Robyn said that the WWBC staff has been "instrumental" in helping her build her business.



Since her venture's early days, success has become even sweeter. Robyn has expanded GirlGoCook to offer shipping to customers nationwide, makes corporate client gift bags, and even offers custom-made jelly flavors for special occasions. She also added full service catering, with many local government departments in Buncombe and Polk counties as well as the City of Asheville among her clients.

## Bridging communities of Latino entrepreneurs to prosperity

Besides the hurdles before many who start small businesses, Latinos often face cultural and language barriers that merit the engagement of specialized staff.

In October 2017, Carolina Small Business said feliz cumpleaños to its Latino Program, marking one year since it was established. Bilingual staff with Carolina Small Business is available to help aspiring Latino entrepreneurs access the training, tools and capital needed to seek their own success, elevating the entire small business community.



Participants in the "How to Start a Business" seminar, hosted by the YWCA Latinio Family Center in High Point, NC. The event was presented in collaboration with the Economic Development Partnership of North Carolina and Business Link North Carolina.

Latinos represent about 9% of the state's population but are the fastest-growing segment, making the community a potent economic factor. So La Programa Empresarial Latino's key initiative is to provide training in the areas of business plan development, management training, finance, accounting, growth, and marketing strategy.

Staff collaboration and participation are also essential to the program. In FY18, this included attending the Latin America Leadership Conference in Charlotte as well as hosting and attending networking events and workshops across the state. The Latino Program engages with community partners including the NC Hispanic Chamber of Commerce, Latin American Chamber of Commerce and Hispanic Contractors Association of the Americas.

A key development during the fiscal year was receiving funding from and signing a memorandum of understanding with the Mexican Consulate of North Carolina. The collaboration extended to partnerships with multiple public and private organizations, resulting in 11 workshops taught in Spanish across the state. This benefitted more than 300 participants, many of whom received one-on-one coaching from Carolina Small Business.

Many Latinos trace their family heritage back to a tradition of small and local businesses. With a program that is considerate of this rich history, Carolina Small Business helps turn the dreams of Latino entrepreneurs into a reality.

## Discovering economic potential through HBCU partnerships

Carolina Small Business is proud to partner with many of the state's Historically Black Colleges and Universities to help aspiring entrepreneurs achieve success.

Leveraging relationships with institutions of higher learning extends the reach and impact of Carolina Small Business' programs including customized one-on-one training and workshops. This has helped drive 58% of loans through FY18 to minority borrowers.

In January 2018, Carolina Small Business celebrated the one-year anniversary of the Innovation & Entrepreneurship Center (IEC) in Downtown Raleigh. Established in collaboration with Shaw University, its purpose is to provide current and potential small business owners in Southeast Raleigh and beyond with space to nurture their ideas. Research shows startups that have access to this type of resource are four times more likely to succeed than those that do not.



The Annie E. Casey Foundation provides funding to support the IEC because it is aligned with the foundation's goal of economic inclusion. The IEC is a replicable model that fosters responsible entrepreneurship in communities of color, a proven wealth-building strategy. The money helps advance the IEC's core curriculum and technical assistance programming.

Broadly, Carolina Small Business places an emphasis on building partnerships and designating resources to expand the organization's outreach through HBCU partnerships, with the goal of ultimately providing flexible loans geared towards African-American entrepreneurs. A key development during FY18 was Carolina Small Business signing a memorandum of understanding with Fayetteville State University.

As a statewide CDFI, Carolina Small Business has outreach programs designed to cultivate the African-American presence in the small business ecosystem, to build stronger communities overall.



## Standing for the success of those who have served

The Veteran Entrepreneurship Program helps military service members and their spouses develop winning strategies to start or expand their small businesses.

Carolina Small Business prioritizes engagement through business coaching designed with veterans in mind. While about 10% of small firms in North Carolina are owned by veterans, at the end of FY18, 19% of Carolina Small Business' loans were to veteran borrowers.

Through access to the Veterans Direct Loan, those who are eligible for this specialized program can get a loan up to \$250,000 at as low as a 7% fixed rate for existing businesses and up to six months of interest-only payments for qualified start-ups.

Outreach activities are managed by staff members who themselves have served. Carolina Small Business partners with Veterans Business Outreach Centers (VBOCs) and other nonprofit and community organizations to offer workshops, meet & greets and other events geared to capitalize on the unique experience veterans bring to small business ownership.

To better highlight the needs of veterans on a larger scale, Carolina Small Business belongs to a multi-state community organization collaborative working to promote business ownership among those who served. The initiative, called the Veteran LLC Collaborative, is modeled on best practices related to the use of social networks for community development.

### THE IMPACT OF VETERAN LENDING

- \$11 Million** Invested Since 2010
- 120 Loans** to Veteran-Owned Firms
- 228 Jobs** Created or Protected

## Cultivating and nourishing rural small businesses

In recent decades, shrinking rural populations have led to bank branch closures in many rural areas, resulting in reduced access to financial services. To compensate for this, Carolina Small Business emphasizes outreach to assist entrepreneurs in these communities with training and to secure capital to start or expand their ventures.

Through June 30, 2018, 35% of Carolina Small Business' loans were issued to rural borrowers. Beyond direct efforts with clients, the organization advocates for public policy to support investment in rural economic development.

While North Carolina's overall population continues to grow, research shows that three out of four municipalities either lost population or grew slower than the state average since 2010. Communities experiencing the greatest decline in population are concentrated in the northeast and southeast region, which are among the state's most economically distressed areas.

Carolina Small Business has satellite offices in these regions as well as the mountains and, as a statewide CDFI, services all 100 counties across the state.



## Retired Navy officer amps up entertainment venture

Every small business owner aims to make a profit. But Rockin Game Party was designed to make special occasions even more memorable.



Jeremy Howell started his company in April 2016 after hiring a mobile game theater for his son's birthday. The kids raved about it, and Howell liked the idea so much, that he bought a similar trailer from a retired Marine.

Then an active duty Navy officer himself, Howell had zeroed in on a popular product. Based in Cedar Point near Swansboro, customers in the coastal region could choose from options like the hottest multiplayer video game or all the gear needed for a live battle of laser tag delivered to their door.

Howell made a point of hiring active duty or retired service members and their spouses as the business grew. The success was welcome, but because Howell had started his business without structured financing he lacked the resources to expand at the pace of

demand. In November 2017, another small business owner referred him to Carolina Small Business to explore the prospect of a loan.

Robert Rehder, a business services expert and Navy veteran, answered the call. Over breakfast, they discussed what it would take to enable the enterprise to scale. Rehder walked Howell through all the elements required for consideration by Carolina Small Business' underwriters.

"We had a common bond," Howell recalled. "The rest is history."

Over the course of more than 20 hours of one-on-one assistance, Rehder helped Howell to clarify his business plan, complete his personal financial statement, and define a profit and loss projection. He applied in January 2018.

The quality of the supporting documents added up to approval for a \$250,000 loan. Thanks to Howell's service, Carolina Small Business was able to offer him a lower fixed rate as part of its Veterans Entrepreneurship Program, which Rehder directs.

After retiring from the Navy, Howell said the loan funds enabled him to purchase equipment and broaden available services.

"We bought a new game trailer and a photo booth," he said. "It allowed us to increase sales considerably."

Also as a result of the loan, Howell was able to hire one full-time employee and five part-time employees with the intention to hire more. He also referred two prospective clients to Carolina Small Business.

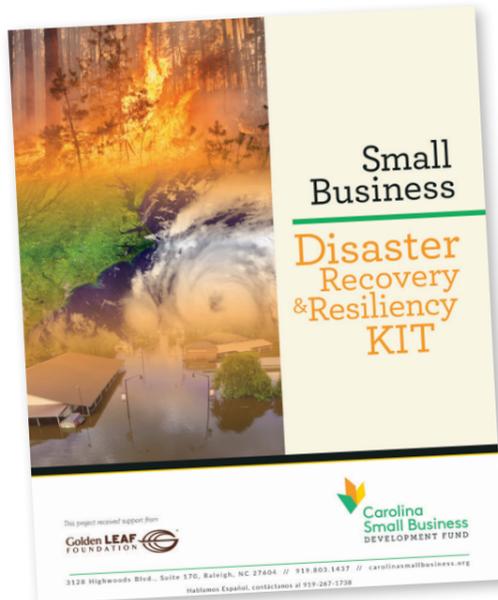
# Preparing small businesses to be ready before and after storms

Carolina Small Business teams with Main Street firms before disaster strikes and — when it does — makes resources available for immediate and long-term recovery.

# Celebrating achievements and inspiring future entrepreneurs

Adding to the traditional Awards Luncheon, FY18 saw the dawn of Black Entrepreneurship Week — both events connecting leaders with a new generation of small business owners.

When it comes to natural disasters, it's not a matter of if but when. Many North Carolinians have experienced this truth first-hand in recent years — particularly, but not limited to, those the eastern part of the state, much of which is already economically distressed.



Beyond the valued life and personal property at risk, small businesses are especially vulnerable in the aftermath of a storm. Recovery is challenging for these businesses, their owners and employees.

In response to this need, in the Summer of 2017 Carolina Small Business developed its Disaster Relief & Recovery Kit. In addition to essential tools like time-saving checklists, there is also up-to-date contact information for Carolina Small Business' regional business development officers to assist should an owner need access to capital or guidance. In addition to being distributed at workshops and special events, is available to download, for free, on the Carolina Small Business website.

In the fall of 2017, Leslie Lewis was hired to be Carolina Small Business' Disaster Resiliency Specialist. She has led outreach efforts, providing individual assistance and group training across the state. Wildfires have the potential to impact any part of the state. Much of the focus in FY18 was in Eastern North Carolina to support the ongoing, long-term recovery from Hurricane Matthew.

Carolina Small Business' contributions in this area has, among others, been recognized by Governor Cooper, the Department of Commerce, and legislative leaders. As the fiscal year came to a close on June 30, 2018, the organization planned to expand its message of disaster preparedness with hurricane season on the horizon.

A major addition to Carolina Small Business' public engagement portfolio was the first-ever Black Entrepreneurship Week. With a focus on innovation, the five days of events in Downtown Raleigh exposed hundreds of participants to the knowledge of business leaders and other experts.

In observance of National Small Business Week, in May 2018, Carolina Small Business hosted its 6th Annual Small Business Week Awards Luncheon. The event spotlights the impact and vitality of North Carolina's small businesses.

Prior to the luncheon, Carolina Small Business hosted four morning workshops for entrepreneurs. Attendees also had the chance to learn about small business resources in the vendor gallery. The main event is the award presentations, recognizing Carolina Small Business' borrowers and advocates. For their accomplishments and efforts, the winners were:



Phil Crumb received the Heart of Resilience Award for his response after his business and community were impacted by Hurricane Matthew.

**Entrepreneur of the Year Award**

**Mark Cartret and James Camp**  
Continuous Alcohol Monitoring  
Whiteville, NC

**WWBC Mountain Climber Award**

**Adriana Chavela and Ronald Stamey**  
Hola Media  
Hendersonville, NC

**Heart of Resilience Award**

**Phil Crumb**  
Crumb Trucking  
Greenville, NC

**President's Award**

**Joanna LeClair**  
Wells Fargo

**Main Street Business of the Year Award**

**Torra McCall**  
McCall Services Inc.  
Charlotte, NC

**Veteran Business of the Year Award**

**Erenesto Hansen**  
Good Living Coffee Zone  
Fayetteville, NC

**Legislative Champion Awards**

**Rep. Tim Moore**     **Sen. Harry Brown**  
Speaker, NC House     Senate Majority Leader  
of Representatives

## Through public & private support, building a stronger economy for all

The positive impact summarized in this annual report is made possible thanks to the generous financial support of public, private and nonprofit organizations. Carolina Small Business is grateful to the state of North Carolina, federal agencies, private funders, and other partners for empowering entrepreneurs to build the small businesses of their dreams. During FY18, these organizations are among those who are helping to build stronger communities through economic development:



<i>Statement of Financial Position</i>	<b>FY18</b>	<b>FY17</b>
Assets	\$38,007,117	\$32,985,626
Liabilities	\$24,054,747	\$18,820,473
Net Assets	\$13,952,370	\$14,165,153
Total Liabilities & Net Assets	\$38,007,117	\$32,985,626

<i>Statement of Activities</i>	<b>FY18</b>	<b>FY17</b>
Grant Income	\$4,648,901	\$5,375,416
Business Interest Income/Fees	\$1,927,597	\$1,705,428
Contributions	\$167,289	\$97,582
Other Revenue	\$151,634	\$57,384
Total Revenue	\$6,895,421	\$7,235,810
Program Services	\$5,808,391	\$5,351,983
Support Services	\$1,299,813	\$1,083,035
Total Expenses	\$7,108,204	\$6,435,018
Change in Net Assets	(\$212,783)	\$800,792
Net Assets at Beginning of Year	\$14,165,153	\$13,364,361
Net Assets at End of Year	\$13,952,370	\$14,165,153

*Carolina Small Business Development Fund's financial statements are audited by Romeo, Wiggins & Company, LLP. A full set of audited statements is available at [carolinasmallbusiness.org](http://carolinasmallbusiness.org).*

## DREAM CATCHERS CIRCLE

### *Fueling Carolina Small Business' capacity to make a difference*

When organizations make annual contributions to support Carolina Small Business' operations, they join the Dream Catchers Circle. These member organizations power our team's ability to issue loans and provide customized coaching to aspiring entrepreneurs. It also makes research and advocacy efforts possible.





Carolina  
Small Business  
DEVELOPMENT FUND



[carolinasmallbusiness.org](http://carolinasmallbusiness.org)