



December 5, 2024

Attn: Marty Garrity, Director
Bureau of Legislative Research

For Reporting Purposes to:

Senator Terry Rice, Co-Chair
Representative Jeff Wardlaw, Co-Chair
Arkansas Legislative Council

Room 315, State Capitol Little Rock AR 72201

Dear Senator Rice and Representative Wardlaw:

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 each lender to help build a loan loss reserve account each time the lender enrolls a loan into the program. The loan loss reserve account is available on a pooled basis to be applied to any of that lender's CAP enrolled loans, should the need arise. 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 currently leverages private capital on a \$39 to \$1, for each one public dollar provided, the lenders loan thirty-nine dollars. We believe this to be a fantastic way to leverage public dollars. The average lender loan amount is \$39,000 with an average enrolled loan amount of \$31,000 and that is why we believe this program is so beneficial to small businesses located in Arkansas.

Please feel free to contact me directly at 682-5906 if you have any questions or would like to learn more about CAP and ADFA.

Respectfully submitted,

Charles Cathey

Charles Cathey
Vice President - Development Finance

**Arkansas Capital Access Program
Statement of Net Position - UNAUDITED
June 30, 2024**

ASSETS

Cash and cash equivalents	567,531
Accrued interest receivable:	
Investment	6
Other Receivable	<u>1,620</u>
Total Assets	<u><u>569,157</u></u>

LIABILITIES

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

NET POSITION

Restricted by program requirements	<u><u>569,157</u></u>
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**Arkansas Capital Access Program
Statement of Revenues, Expenses and Change in Net Position - UNAUDITED
For the Year Ended June 30, 2024**

OPERATING REVENUES:

Interest income:	
Investment Interest Income	3,450
Reserve Fees	<u>165,802</u>
Total operating revenues:	169,252

OPERATING EXPENSES:

Program administration	<u>219,291</u>
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OPERATING INCOME (LOSS) (50,039)

CHANGE IN NET POSITION (50,039)

NET POSITION:

Beginning of year	<u>619,196</u>
End of year	<u>569,157</u>