

MESSAGE FROM THE ADMINISTRATOR

SBA's MISSION

The mission of the SBA is to maintain and strengthen the nation's economy by enabling the establishment and viability of small businesses and by assisting in the economic recovery of communities after disasters.



November 15, 2007

I am pleased to present the U.S. Small Business Administration's FY 2007 Agency Financial Report. This report describes the Agency's financial results over the past year as it pursued its mission of empowering small businesses and assisting communities' economic recovery after disasters. This report also highlights SBA's efforts to strengthen internal controls and reduce improper payments.

As a former Chief Financial Officer myself, I know first hand the importance of timely and accurate financial reporting. I am pleased to report the SBA received an unqualified audit opinion with no material weaknesses from its external auditor this year.

In addition, SBA's Inspector General eliminated financial management from its list of the IG's Top Management Challenges this year. Based on these results, the SBA anticipates moving to "green" in status on the President's Management Agenda for Improved Financial Management. These successes reflect consistent progress towards improving the Agency's financial management.

SBA's program results were also strong this year. The Agency funded more loans through its Section 7(a) and 504 loan guaranty programs than ever before. Over 1.1 million small businesses received counseling and training from SBA's resource partners – the Small Business Development Centers, the Women's Business Centers, and SCORE. The Disaster program provided almost \$1.7 billion in loans to help the nation's disaster victims recover.

Over the past year, the SBA has also renewed its dedication to core operations. As a financial institution with an \$84 billion loan portfolio, the principles of stewardship, transparency, and accountability are essential to the integrity of SBA's programs and operations. Ensuring proper controls are in place and that employees are adequately trained have been key priorities. These steps are crucial to improving program effectiveness and customer service.

This AFR addresses the Federal Managers Financial Integrity Act (FMFIA) reporting requirements. FMFIA requires that federal programs be operated efficiently, effectively and in compliance with relevant laws. I am pleased to be able to provide, for the first time since FY 2000, an unqualified assurance that SBA's systems of internal control comply with FMFIA's objectives.

As the SBA Administrator, I have had the opportunity to meet hundreds of small business owners, SBA employees, and SBA resource partners including lenders, counselors and SCORE volunteers. I have been deeply impressed with their commitment, dedication and enthusiasm. The passion of our nation's entrepreneurs and the organizations dedicated to serving them clearly reflect the American spirit of ingenuity and opportunity. I am honored to lead the SBA and look forward to reporting our FY 2007 performance results to you in the Annual Performance Report due in early February 2008. I invite you to visit the SBA online at www.sba.gov for more information about the Agency and its programs.

Sincerely,



Steven C. Preston
Administrator