

2007 Annual Report

Cattaraugus County Business Development Corporation



A non-profit corporation whose mission is to provide services, education and support to new and existing small businesses and entrepreneurs throughout Cattaraugus County.

*The Cattaraugus County
Business Development Corporation*

2007 Annual Report

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Corporation Overview

The Cattaraugus County Business Development Corporation (CCBDC) is a non-profit corporation that was formed in 1994 through a unique partnership between the Cattaraugus County Department of Economic Development, Planning & Tourism, BOCES, St. Bonaventure University, local banks and a cross section of business representatives.

Mission

The mission statement of the CCBDC is:

To provide services and support to new and existing micro-enterprise businesses and entrepreneurs throughout Cattaraugus County.

Typical Services Provided

The CCBDC provides services such as:

- One-on-One Business Counseling
- Seven-Week “Business Basics” Classes
- Educational Class Seminars
- Business Plan Development / Writing Assistance
- On-Going Business Start-Up Assistance to Entrepreneurs
- Administration of the Micro-enterprise Development Loan Fund
- Grant Search and Grant Writing
- Community Activities and Projects
- Project assistance to Dept. of Economic Development, Planning & Tourism
- A partnership with the St. Bonaventure Entrepreneurship Program to provide “real world” experiences for intern development.

2007 Board of Directors

The CCBDC is governed by a group of diverse, talented professional business people who volunteer their time and talent to lead the CCBDC:

In 2007, there were six members of the Board of Directors:

Russell Hahn, President
(The Rehabilitation Center)

Michelle Caya, Treasurer
(Cayas Canopies)

John Sayegh
(GOACC & the Empire Zone Corporation)

Dr. Michael Fisher
(St. Bonaventure University)

Jim Snyder
(Snyder Manufacturing)

Gregg Prockton
(The Compass Group)

In November, 2007, the Board of Directors regrettably accepted the resignation of John Sayegh, but requested he serve as an advisor. Mr. Sayegh accepted this advisory position. The Board is pleased to continue to have access to his expertise.

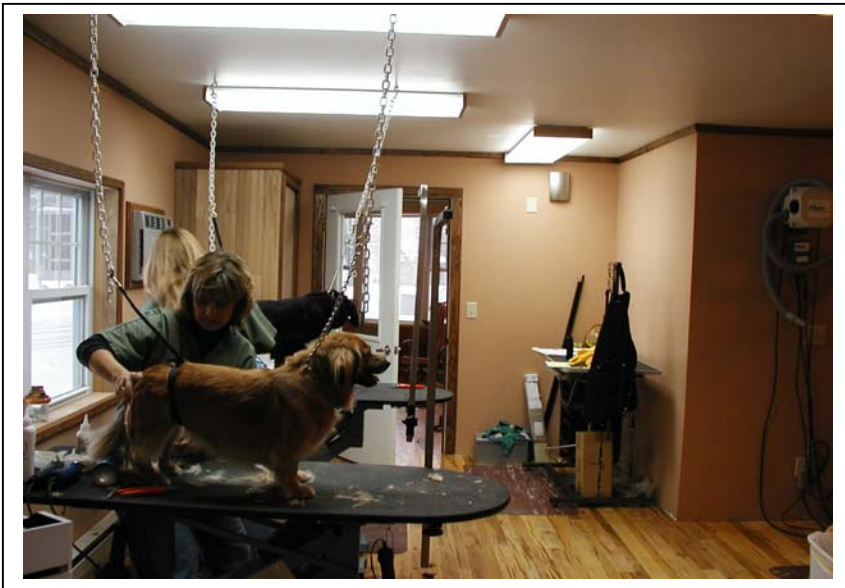
Advisory Committee

Thomas Livak serves as Executive Director. Mr. Livak is the Director of Cattaraugus County Department of Economic Development, Planning & Tourism. Mr. Jerry Burrell, Legislator, served as Agriculture & Development Committee Chairman; Mr. Jim Boser served as Vice Chair for the Committee. Additional members of the 2007 Agriculture & Development Committee included Michael O'Brien, Charles Couture, E. James Ellis, Kenneth McClune, and Howard "Bud" Zollinger.

Loan Committee

The Loan Committee is composed of business and professional leaders located throughout the County. Committee members are appointed by the Cattaraugus County Legislators. The Loan Committee acts independently of the CCBDC and the Board of Directors in making loan decisions. Loan decisions are based upon the soundness of the business plans submitted, perceived viability of the business in the selected community, the owner's experience and input from CCBDC Staff as requested. Decisions by the Loan Committee benefits the CCBDC in several ways:

- Informed lending decisions protect funds for future business investment
- Their cautionary comments guide our clients in building stronger, more viable businesses with a greater chance of long term success.
- Their knowledge of the communities they live in and the industries in which they work assist clients in tailoring products and services to the needs of the community.
- Their analysis of business plans presented serves as a watchdog for the *quality* of the business assistance offered by the CCBDC.



*MDLF Loan recipient Diane Smith
grooms a "client" at her new
business "Woodcrest Pet Spa"
located in Salamanca.*

The Loan Process

Each step of the loan process has been delineated for independent responsibility:

Business Plan Development and Training	CCBDC
Loan Granting Decision Process	Loan Committee
Loan Administration and Payment (including delinquent accounts)	County Treasurer

Typically, the loan process takes 3 – 4 months, starting with classes, working through business plan development, consultant’s review, loan committee review and closing process. The client’s business knowledge and response time to action items is a highly variable factor that can lengthen the lending process.

Once the loan is granted, the CCBDC makes a minimum of one annual visit with the client a year. Throughout the year, several requests are handled by staff for information, assistance offers, mailings of current course offerings, etc.,

Through frequent discussions with the County Treasurer, the CCBDC takes a proactive role in offering assistance to clients whose accounts may have become delinquent. The CCBDC offers technical assistance and encouragement to help clients over the “rough spots” they may have encountered.



Sue Fisher, owner of “Fisher’s Amish Country Store,” stands in her new shop in Randolph. Sue used MDLF loan proceeds to create an inviting café for her tour customers and locals who want to purchase Amish goods or have a great cup of coffee!

Overall Loan Fund Statistics

- As of December 26, 2007, the total dollar amount of outstanding loans was \$509,497 from an original amount of \$857,770.
- 36 loans with outstanding balances.
- 147 loans issued since the inception of the program, totaling \$2,704,167.
- The past due amount of the loan fund as of December 26, 2007 was \$52,796.
- The delinquency rate for the loan fund is 7%, which is below comparable high-risk loan funds across the state, which range as high as 16 – 18%.
- Since 2001, a total of 19 loans have been written off for a total amount of \$155,439. The average loan total written off was \$8,181. (3 of these loans were Disaster Loans – see next bullet point.)
- Disaster loans: Nine disaster loans were issued totaling \$41,709. Six of these loans were repaid in full. Three of these loans were written off at a total amount of \$9,286.
- Loan terms are 5 – 7 years with a fixed interest rate.
- Applicants must meet low-to-moderate income requirements unless employment is created for low-to-moderate income individuals.
- Application fee of \$150 is deducted from loan proceeds; no up-front charges.
 - In 2007, a total of 28 clients who expressed intent to apply for an MDLF were counseled at a minimum of 2 hours each.
 - A total of eleven loans were prepared for presentation to the Loan Committee. Six loans were issued in 2007. Four loans were declined by the Loan Committee for various reasons; one loan was tabled. The CCBDC is responsible for communicating loan decisions to the applicants.
 - Other clients either withdrew for personal reasons, placed their applications on hold, started their business without MDLF financing, used other funding sources, or are still in process (at the client's pace) and are now potential loan clients for 2008.

MDLF Loan Recipients:

Of the eleven business plans presented to the Loan Committee in 2007, six clients were approved for MDLF funding. Loans totaled \$172,050 in 2007. Using the economic multiplier for Cattaraugus County, these loans will generate an economic impact on the local economy of approximately \$325,175. Five photos of MDLF loan proceeds in action are interspersed within this report.

A brief profile of the loan recipients:

Ellicottville Bike Shop	Ellicottville	\$30,000
Fisher's Amish Country Store	Randolph	\$21,200
Woodcrest Pet Spa	Salamanca	\$20,850
Mongillo's Superette	Salamanca	\$30,000
BJ's Plumbing	Great Valley	\$20,000
Steve's Auto & Truck Repair	Little Valley	\$50,000*

* Loans for manufacturing concerns can be made up to an amount of \$50,000 whereas loans for other types of businesses are capped at \$30,000.

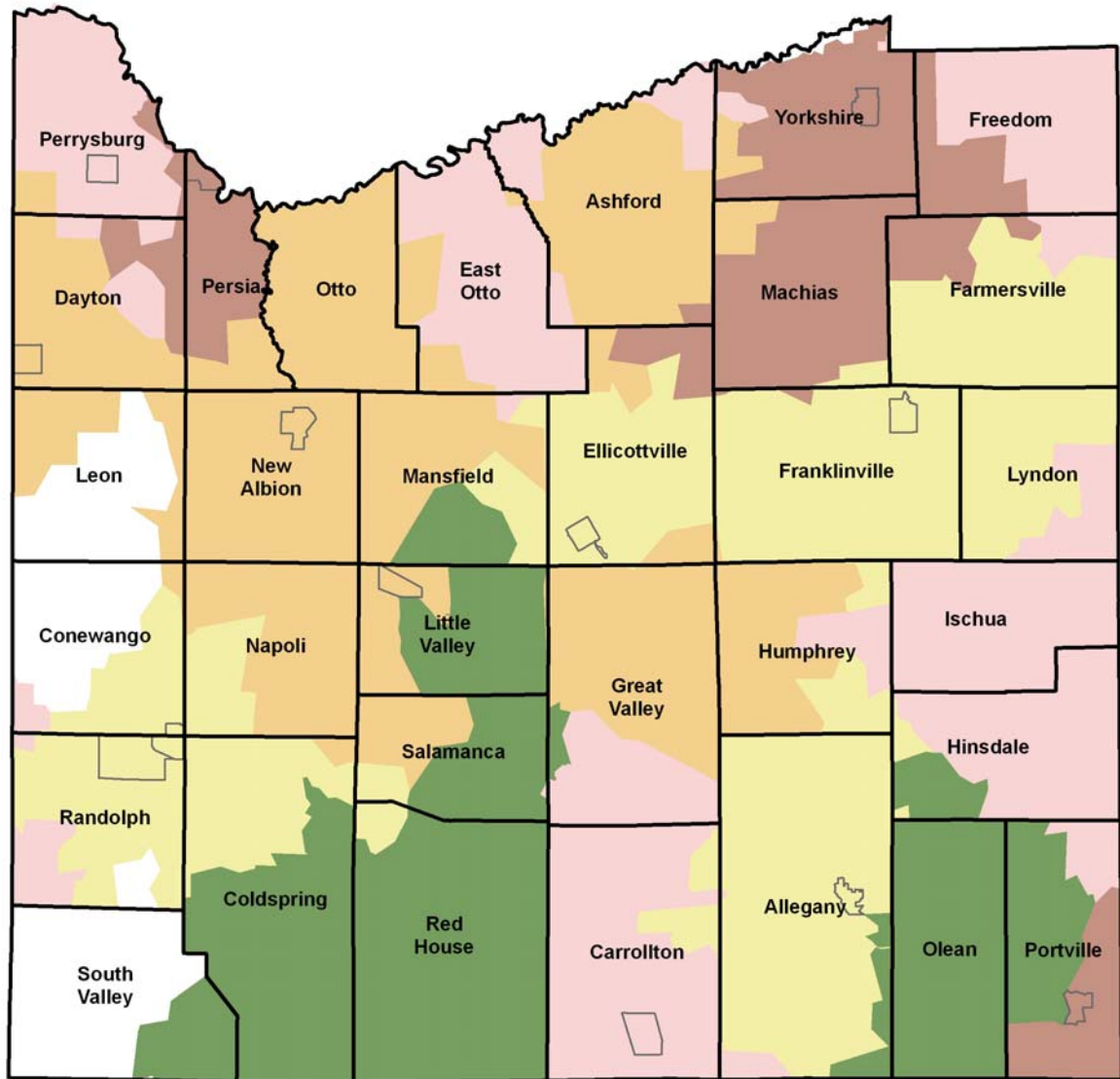
Small Business Assistance

The CCBDC is also a vital advisor to individuals who do not desire an MDLF loan, but who are encountering issues in either start-up or day-to-day operation of their micro-enterprise businesses. Our business counselors handle phone calls, "walk-in" clients, and one-on-one counseling sessions to assist county residents with their business problems and questions.



Dennis Baldwin's Ellicottville Bike Shop has an extensive inventory built with MDLF loan funds proceeds.

CATTARAUGUS COUNTY BDC CLIENT CONTACTS FOR 2007



Contacts by Zip Code

- 2 - 9
- 10 - 24
- 25 - 51
- 52 - 80
- 81 - 146

This map was created using GIS technology.
 Prepared by Cattaraugus County
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www.cattco.org
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 JJWilliams@cattco.org
 Daniel T. Martonis-GIS Coordinator
 DTMartonis@cattco.org
 January '08

In 2007, of the 1,058 business contacts the CCBDC conducted, 423 were small business contacts (individuals seeking business assistance but *not* MDLF loan funding). The amount of small business assistance offered by the CCBDC has routinely exceeded the amount of reimbursement received from the County:

County Year	Actual Service Compensation	Value Provided
2004	\$40,000	\$ 64,039
2005	\$36,000	\$ 41,274
2006	\$36,000	\$ 70,071
2007	\$36,000	\$ 55,158



Mongillo's Superette in Salamanca has a new coffee bar area, ice makers, and deep fryers through owner Jeff Earley's improvement plans and MDLF loan proceeds.

Educational Classes

The CCBDC presents both 7-Week "Business Basics" classes required for MDLF loan applicants and Supplemental Educational Classes on topics of current interest to our clients.

In all CCBDC classes, attendees are asked to complete a detailed, confidential class feedback form. The information gathered is used to assess the instructor's performance, materials presented, class value to the attendee and any changes that might improve class content. These feedback forms are kept on file for reference and are used to guide development of future presentations. Feedback forms are available for review in the CCBDC offices.

Business Basics Classes

The CCBDC presented four sets of classes in Weston Mills, Allegany, and two first-ever daytime sessions in Little Valley during 2007. A total of 81 people attended these classes, with 64 individuals classified as Low / Moderate Income and 12 individuals classified as Female, Head of Household. Other HUD classifications were represented, but in small numbers.

CCBDC also extends “scholarships” allowing attendance at no cost for individuals demonstrating financial hardship. To qualify for a scholarship, individuals need only contact CCBDC personnel and explain their situation. Any request for a scholarship is granted. No individuals applied for a scholarship in 2007.

Steve Damon's new four-axis CNC increases his shop's precision machining capabilities and reduces production from 5 hours to 27 minutes per engine. His business is located in Little Valley.



Supplemental Classes

The CCBDC offered two categories of supplemental classes:

- Understanding and Preparing Schedule C
- Understanding Employment Taxes

Future presentations under development are in the areas of business symposium, an entrepreneur's roundtable, and pricing analysis and development.

Outreach Programs

To advise and assist residents through programs and services available, the CCBDC conducted an extensive outreach program in 2007. CCBDC staff members:

-
- Met with the South Dayton Business Group for a brainstorming session that generated ideas to help the village develop a “theme,” downtown beautification ideas, potential Restore NY grant opportunities and suggestions for a group marketing effort.
 - Conducted an outreach program with the Allegany-Limestone School, meeting with students participating in the NYS R.E.A.L. program, providing guidance in business plan writing and answering general questions.
 - Developed new brochures for Canticle Farms in Allegany to advertise their Community-Supported Agriculture Farm and assisted in compiling and planning for marketing efforts.
 - Presented a condensed “Start Your Own Business” seminar to the Everywoman Opportunity Center in Olean to assist women considering starting their own businesses. CCBDC staff answered general business start-up questions, explained funding sources available within the County, and where to get further help in business planning.

Economic Development Projects

Specialty Milk Processing Plant

The CCBDC is assisting in a continuing project to bring a medium-sized specialty milk-processing plant to Cattaraugus County. The plant and laboratory will offer approximately 10 – 15 jobs at start up. The plant will provide a steady market for specialty milk as well as stabilize market pricing, aiding local small agri-businesses.

Several sites are under consideration. The entrepreneur has needed business plan writing assisting, funding partners awareness and assistance working with NYS Ag & Markets, NYS DEC and other permitting agencies, locating information on the Halal certification process, and various other questions involved in business start-up phases.

The CCBDC also assisted in writing a grant for this project to obtain funds for nutritional analysis and labeling to produce saleable products. (*Grant outcome at the time of this writing is unknown.*)

Pioneer Credit Recovery

The CCBDC agreed to act as administrator of grants for the County in the telecommunications grant agreement for Pioneer Credit Recovery. Administration will include monitoring employment reports, maintain documentation of all records, and disbursing funds to Contractors as necessary, etc.

Research Projects

From time to time, CCBDC staff members have conducted research work at the request of the Director of the Economic Development, Planning & Tourism Department. Such research work has included available ADA grants for a country club and historical or library grants for a small library in the County.

Miscellaneous

CCBDC Staff attended the Agricultural Forum held in Olean to gain insight into future agribusiness needs, met with the Randolph Area Development Corporation to focus on that community's needs, assisted several small businesses in writing grant applications for a NYS Ag & Markets tourism grant, and met with various entrepreneurs as referred by the Director of Economic Development, Planning & Tourism.

Website

To make it easier for clients to find the CCBDC, we established a website address of www.ccbdc.org. The CCBDC is continuously updating their website to provide answers to clients 24 / 7. A FAQ section, staff articles, and downloadable reports and forms keep website content pertinent and updated.

Website visitors now average 415 visitors/month compared to 259 visitors/month in 2006. The number of "hits" the site received increased in 2007: 22,382 compared to 13,976 in 2006. "Hits" are requests for a file from the web server.

Annual Dinner

The Annual Dinner was held at the VFW in Little Valley on August 22, 2007. The theme of this year's dinner was women-owned businesses assisted by the CCBDC. Featured speakers were Lori Schwertfeger, Tea Rose Cottage in Randolph, Joan Boser and Cheri Stady from Gallets House in Allegany, and Sue Fisher from Fisher's Amish Country Store & Tours in Randolph (*at the last minute Sue was unable to make the dinner, but provided comments read by CCBDC staff.*)

Spotlighted woman-owned businesses were The Cabana (Salamanca), Occu-Health (Salamanca), The Essentials Salon (Salamanca), Crowley House B&B (Randolph), Ellicottville Oasis (Ellicottville), and The Wellness Factor (Franklinville).

Special guests were New York State Assemblyman Joe Giglio and County Legislature Chairman Crystal Abers.

Russell Hahn, CCBDC Board Chairman, also offered a glimpse into the organization's efforts. As always, the CCBDC appreciates the assistance and involvement of all those who help in the performance of the valuable work offered Cattaraugus County citizens.



Our Spotlight Board at the 2007 Annual Dinner

Looking Forward....

A Message From the Chairman of the Board of Directors

2008 will bring continued challenges and creativity for the staff of the CCBDC. Innovative programs, continued solid service, and answering the need for County residents in a capable, professional manner will continue to be top priorities.

The CCBDC is the only agency within the county that addresses the needs of Microenterprise businesses (5 employees or less). We assist with little questions as well as the big ones – and build a continuing relationship with entrepreneurs throughout this process whether or not they choose to fund their businesses using the MDLF program.

The recent changes made by the legislature to increase the amount of funding available through the MDLF loan program will allow new businesses to develop a firmer base from which to grow.

The Board of Directors of the CCBDC recently revised their By-Laws to increase membership –and to increase the talents guiding the CCBDC in the future. The Board welcomes recommendations for other talented individuals for consideration. The CCBDC review and modification of its purpose and its by-laws opens the door for us to work with Cattaraugus County more creatively in developing a more positive business environment for new and existing businesses.

We can only see great things happening for businesses in Cattaraugus County as we continue to expand our programs and reach out to new and established business owners. The CCBDC would like to thank the County Legislators for allowing us to continue our valuable work.

Russell C. Hahn
Chairman, Board of Directors