

Industrial Development Authority of the City of Lexington, Virginia

Tuesday, June 6, 2017, 5:00 p.m.

300 East Washington Street

City Hall Community Room (First Floor)

1. Call to Order – John DeVogt, IDA Chairman
2. Introduction and Welcome of new IDA Member, Mr. Bruce Summers – Noah A. Simon, City Manager
3. Consideration of using IDA funds as grant matches for two Main Street Lexington projects, the Community Business Launch grant (request of \$10,000) and the Building Entrepreneurial Economies Implementation grant (request of \$2,500) – Noah A. Simon, City Manager and Stephanie Wilkinson, Executive Director of Main Street Lexington
4. Virginia Horse Center April Financials – John Nicholson, Virginia Horse Center
5. Set next meeting date and agenda items – Noah A. Simon, City Manager and John DeVogt, IDA Chairman
6. Adjourn – John DeVogt, IDA Chairman



**Industrial Development Authority Agenda Item  
June 6, 2017**

**TOPIC:**

Request by Main Street Lexington for IDA funds totaling \$12,500 to be used as matches for two grant submissions.

**BACKGROUND:**

The City's IDA receives one-eighth of one percent (1%) for bond issues and bond refinances. Over the course of the past 16 months, the IDA has served as a conduit for two bond refinancing packages, one for Kendal and one for VMI. As a result of those actions, the IDA received a total of \$80,550. Those funds have limitations on their use – the funds must be used for economic development purposes. The City Manager and Main Street Lexington are requesting a total of \$12,500 to be used as match funds for two grant submissions.

Applications detailing both Department of Housing and Community Development grants are attached. If Main Street Lexington is successful in obtaining the grants, the funds used would go towards local business development (creating a return on investment) and fostering local entrepreneurial activities and innovation.

**COST(S):**

The two grants require a total match of \$12,500 (\$10,000 and \$2,500). Funds totaling \$80,550 are available.

**CITY MANAGER'S RECOMMENDATION:**

I recommend approval.

# Application to DHCD Submitted through CAMS

Main Street Lexington

Implementation Grant for Lexington Collaboratory

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**Application ID:** 40402252017143237  
**Application Status:** Incomplete  
**Program Name:** BEE Implementation Grants - FY 2018  
**Organization Name:** Main Street Lexington  
**Organization Address:** 121 S. Main St., 2nd Floor  
Lexington, VA 24450  
**Profile Manager Name:** Stephanie Wilkinson  
**Profile Manager Phone:** (540) 319-1076  
**Profile Manager Email:** stephwilk@gmail.com

**Project Name:** Implementation Grant for Lexington Collaboratory  
**Project Contact Name:** Stephanie Wilkinson  
**Project Contact Phone:** (540) 319-4181  
**Project Contact Email:** swilkinson@mainstreetlexington.org  
**Project Location:** 101 S. Main St, 2nd Floor  
Lexington, VA 24450-2315  
**Project Service Area:** Lexington City

**Total Requested Amount:** \$40,000.00  
**Required Annual Audit Status:** Not Accepted

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## Budget Information:

Cost/Activity Category	DHCD Request	Other Funding	Total
<b>Administration</b>	<b>\$2,700.00</b>	<b>\$8,100.00</b>	<b>\$10,800.00</b>
Administration	\$2,700.00	\$8,100.00	\$10,800.00
<b>Capacity Building</b>	<b>\$12,900.00</b>	<b>\$11,900.00</b>	<b>\$24,800.00</b>
Capacity Building	\$12,900.00	\$11,900.00	\$24,800.00
<b>Contract Services</b>	<b>\$700.00</b>	<b>\$0.00</b>	<b>\$700.00</b>
Contract Services	\$700.00	\$0.00	\$700.00
<b>Financial Assistance</b>	<b>\$12,000.00</b>	<b>\$0.00</b>	<b>\$12,000.00</b>
Financial Assistance	\$12,000.00	\$0.00	\$12,000.00
<b>Marketing/Advertising/Promotions</b>	<b>\$3,300.00</b>	<b>\$0.00</b>	<b>\$3,300.00</b>
Marketing/Advertising/Promotions	\$3,300.00	\$0.00	\$3,300.00
<b>Meetings and Facilltation</b>	<b>\$0.00</b>	<b>\$0.00</b>	<b>\$0.00</b>
<b>Training/Workshops/Meetings</b>	<b>\$6,400.00</b>	<b>\$14,600.00</b>	<b>\$21,000.00</b>
Training/Workshops/Meetings	\$6,400.00	\$14,600.00	\$21,000.00
<b>Other</b>	<b>\$2,000.00</b>	<b>\$0.00</b>	<b>\$2,000.00</b>
Other: Upfit Collaboratory Space	\$2,000.00	\$0.00	\$2,000.00
<b>Total:</b>	<b>\$40,000.00</b>	<b>\$34,600.00</b>	<b>\$74,600.00</b>

## Budget Narrative:

Please find among the Attachments the Cost & Sources Budget, a Three-Year Collaboratory Operating Budget (excluding Revolving Loan Fund), a Start-Up Equipment Budget, A Class & Membership Revenue Model, and a Year 1 Personnel Budget.

## Questions and Responses:

1. *Address the following Building Entrepreneurial Economies Implementation Grant application questions. (Please limit responses to 500 words per text box):*

### *Project Description*

Describe the project for which you are applying for BEE funding. Include the types of services and programs proposed and how they will address unmet community need.

### **Answer:**

With the BEE Grant, the Lexington Collaboratory will be established as Lexington's first business incubator, focusing on launching businesses that understand the demands of the new small town economy. Housed in a makerspace, the Collaboratory combines traditional tool-sharing and knowledge-sharing activities with business mentoring activities that move promising candidates through the path from learning to innovating to launching a

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sustainable business. By partnering with our area universities, and serving our homegrown innovators of all ages, our expanding pool of post-college proto-entrepreneurs and our healthy population of second-career incomers, we will create a community resource that provides the education, experience and the guidance for new businesses to blossom.

The goal of the Collaboratory is to help Lexington get out in front of the shifts in small-town economies, buffeted by external forces of globalization and tech-driven innovation. We have to take full advantage our unique resources:

- The Entrepreneurship Center at the Washington and Lee University Williams School of Commerce.
- Virginia Military Institute's engineering program, ranked #25 in the nation for undergraduate engineering.
- A growing population of millennial proto-entrepreneurs poised to blend social/community awareness into a thriving social entrepreneurship ecosystem.
- The recent installation of a high-speed "big broadband" fiber infrastructure through downtown created by a tri-jurisdictional entity, the Rockbridge Area Network Authority (RANA).

This project will install the Lexington Collaboratory in a 1300 square foot facility operating as a one-stop shop for individuals committed to fruitful creative collaboration. Overseen by a coordinator hired by Main Street Lexington, the Collaboratory will offer access to tools, training from Masters, individual classes and long-term memberships, facilitation of apprenticeships, business training classes, support and guidance through business ideation and launch, and a micro-loan program.

Our partners include volunteers drawn from the faculty of the universities, our forward-thinking local library, which has been successfully testing out STEM-based programming for over a year, a committed cadre of artisans ranging from professional printmakers to drone experts to acoustics masters, and a unique assortment of business professionals, both working and retired, willing to lend assistance to new business.

For a small place, we have a striking wealth of talent. However, we don't have a single center where all those elements can mix, mingle, and bear fruit. These rich resources currently live in their own sealed silos; either stuck on their own individual campuses or locked away in a wealthy retiree's garage, brain, or bank account.

We have proven market demand for hands-on training, a significant need to reach those who don't find that traditional venues provide them with the tools or guidance to go from making to earning.

The Collaboratory will be the open hub, gathering these resources and providing pathways for all who have something to offer and those who are hungry for assistance. By locating it in a facility downtown, we'll create a central meeting place, off campus, in the middle of the workaday life of a bustling small town. It will be the place where Makers, Masters, and Mentors come together to build a new entrepreneurial ecosystem.

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2. Describe the capacity of the organization to implement this project:
  - a. Key organizational staff and project responsibilities (attach as mini-resumes).
  - b. Describe existing and potential partners and their responsibilities for the proposed project.

**Answer:**

See Attachment for 2a.

Describe existing and potential partners and their responsibilities for the proposed project

Virginia Military Institute Entrepreneurship Club: Col. Atin Basu Choudhary, professor of economics, leads a cadre of VMI cadets committed to building entrepreneurial skills. They have begun partnering with MSL to carry out small projects for the community. We envision using them to assist with the Mentors Database-building project, in the short term, and in the long term, connecting the Collaboratory to their impressively trained undergraduate engineers, with an eye to funneling them into the business start-up program.

Washington & Lee University Entrepreneurship Center: The J. Lawrence Connolly Center for Entrepreneurship was established in 2013 to help students turn creative ideas into successful business ventures. Growing steadily over the last three years, the Center has stated interest in extending start-up expertise beyond its campus borders. MSL has already begun collaboration with the Center by locating its "Destination: Retail" business expansion program in their facility, and participating in its brand-new GENERate business ideation evening series.

Rockbridge Regional Library System Our local library launched a STEM-oriented series of classes a little over a year ago. Demand instantly outpaced the capacity. The initial series of classes were aimed at middle-school children, but the library staff report a significant number of requests for similar programming for adults. We envision partnering with the Library to coordinate programs, potentially receiving some additional city funding by allowing some Library programming to take place in the Collaboratory.

Downtown Investment Group This informal collection of high net-worth individuals, assembled by MSL, has been meeting on an ad hoc basis for the last 18 months to review business plans, provide advice to current business owners seeking to expand, and discuss funding options. The group has a wealth of knowledge in fields ranging from real estate to insurance, finance to strategy. They are united by a desire to see Lexington continually improve as a place to live, work, and play. We envision them as the primary leading Mentors of the Collaboratory, and will advise MSL on the micro-loan administration. We believe that they will also be a viable source of start-up capital for the most promising business projects delivered to them out of the Collaboratory.

3. Describe the project readiness and implementation schedule:
  - a. Outline key project activities that will contribute to project outcomes (attach as work plan).
  - b. Describe outreach and marketing plan to potential participants to ensure a successful program.

**Answer:**

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See Attachment for 3a.

b.

- Utilize MSL's social media tools (including general and specific Makerspace Facebook pages, Instagram account, Twitter, and segmented email lists) to introduce Collaboratory
  - Partner with our Chamber of Commerce (co-housed in the Collaboratory building) to alert their network to the launch through a "Business After Hours" event
  - Hold a launch party at the facility
  - Create a video virtual tour of Collaboratory; distribute via social media, email blast, website
  - Partner with STEM classes at Rockbridge County and Parry McCluer High Schools and Dabney S. Lancaster Community College to offer "free-trial" days
  - Produce a brochure that highlights the pathway that leads from learning to doing, to innovating -- and beyond, to potential business launch.
  - Host a portion of the 4th Annual Lexington Science Festival & Maker Faire in Collaboratory
  - Mount a series of Product Pitch Competition Nights (in conjunction with W&L Entrepreneurship Program) with prizes
4. Describe the sustainability plan or exit strategy once BEE funds are exhausted.
- a. Identify sustainable sources of funding that will be in place once BEE funds are exhausted.
  - b. Identify sustainable partnerships that will be in place once the initial grant period terminates.
  - c. If the project will not continue past the end of the grant, describe the exit strategy for the organization and reasoning for the project to end.

**Answer:**

1. Identify sustainable sources of funding that will be in place once BEE funds are exhausted

The Collaboratory will be a public-private partnership. Grant funding, sponsorships, and public funding accounting or 74% of budget in Year 1. In Year 2, as the revenues from classes and memberships rise, those sources will account for less than half of all revenues, and by Year 3, only one-quarter. Please see attached Three Year Budget.

In addition, the launch of the Collaboratory allows us to leverage other grants, such as the Washington & Lee Community Fund, Modine Fund, Wells Fargo Fund along with a variety of grants oriented toward business start up, STEM activities, education, and local community development. Please see the Attachment from Washington & Lee indicating interest in contributing funds to the Makerspace once it is established.

Identify sustainable partnerships that will be in place once the initial grant period terminates

- Staunton Creative Community Fund

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- Rockbridge Regional Library
- Washington and Lee University
- Virginia Military Institute
- Dabney S. Lancaster Community College
- Shenandoah Valley Small Business Development Center

If this project will not continue past the end of the grant, describe the exit strategy for the organization and the reasoning for the project to end

We foresee the Collaboratory being a long-term institution in Lexington, evolving and refining its approach to mentoring business in the city. We intend to extend its activities as capacity allows and interest grows. The establishment of the Collaboratory will extend the viability of our entrepreneurial approach by making us an attractive candidate for other business-launch grants. We aim to secure a DHCD Community Business Launch grant this year, which will augment the formation of new businesses and can be operated in conjunction with, and using many overlapping resources of, the Collaboratory. In the long term, the ultimate goal would be to transition the Collaboratory from under the wing of our Main Street organization to a business that sustains itself, grows, and is run by an enterprising entrepreneur -- thus becoming its own proof of concept.

## 5. *Community Economic Development Vision*

Describe your organization's vision for community economic development and how the proposed project supports the local or regional community's vision for economic and community development. Demonstrate this by referring to a Comprehensive Economic Development Strategy (CEDS), regional, local, and/or other strategic economic and community development plans.

**Answer:**

As the seat of Rockbridge County (population 22,300), Lexington is the central cultural and administrative hub of the area. The central business district has a healthy mix of small retail shops, restaurants, and services. However, the city is pinched economically due to the extraordinarily high percentage of real estate that is tax exempt (currently 64%). This puts extra pressure on taxpayers and strains our city's budget. To stay vital, we must diversify our economic base to increase revenues and expand opportunity for growth.

MAIN STREET LEXINGTON's strategy for economic growth, outlined in its board-generated Transformation



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Strategy plan in July 2016, is predicated on three interrelated goals: make Lexington a magnet for destination travelers, make the city a hub of innovation and the arts in the Shenandoah Region, and bring online under-utilized upper stories of downtown with residents, professional offices, and businesses.

We believe that the mixture of small town businesses has shifted. In the pre-shopping mall days, downtowns were centers for basic needs, ranging from grocery stores to gas stations, pharmacies to department stores, haberdasheries to hardware. Today, as retail becomes commodified online, independent business must adapt. Rather than compete on price, downtown business must compete on the qualities and experiences that make them unique. Business must recognize one key component that will drive success in the new economy: Providing experiences to customers, either by engaging them to participate in hands-on activities, or through vicarious enjoyment of watching other people make or do.

The new economy of small towns will be predicated on making or doing--or on providing a way for others to participate vicariously in making and doing.

Which is why our innovation hub and mentoring center will be located in an actual makerspace. And that's why what we do will be heavily oriented toward helping nurture businesses that are focused on making and doing.

This aligns with both the City's Economic Development Plan (October, 2013), which highlights our downtown as the economic engine of the region, takes advantage of the City's investment in a high-speed fiber backbone, inaugurated in July 2013, and our Chamber of Commerce's "Rockbridge 2020" initiative, which targets alumni from the universities as prospects for entrepreneurial ventures in the city.

## 6. *Areas of Focus*

Please refer to the 2017 Building Entrepreneurial Economies (BEE) Program Design and Grant Application Instruction Manual for more detail on the three (3) areas of focus for this application cycle.

Provide a detailed description as to how the project fits within one or more of the areas of focus identified in the application manual.

**Answer:**

The Collaboratory project establishes a clearly defined entrepreneurial strategy for Lexington, where one has never existed before.

The advantages of this program include:

- A clear focus on an area of endeavor tied to the need of the community for businesses that focus on innovation,

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making, and doing

- A well-defined process for nurturing innovation, via the “Maker, Master, Mentor” structure
- An extensive and scalable network of support for the entrepreneur, pulling from our resources at the area schools, business preparation materials, Micro-lending Fund, access to the Downtown Investment Group, connections to Staunton Creative Community Fund and Shenandoah SBDC support services, and our Mentor pool
- A long-term “home” for innovators that can see them through most if not all phases of a business lifecycle.

This program will also provide access to the entrepreneurial mindset and entrepreneurial training to anyone via low-cost programming, especially to those who do not have direct access via the area universities. We can even envision area high school students becoming Makers in their early years, and growing into innovators and entrepreneurs. We believe we’re laying the groundwork for quick returns and long-term sustainability.

## 7. *Output and Outcomes*

Provide a detailed description of the proposed project's intended outputs.

### **Answer:**

Please see Outputs and Outcomes Attachment. In addition to what is listed there, this project will result in the following outputs:

- A fully functioning makerspace complete with tools, teachers (Masters), classes, and membership structure
- A menu of Collaboratory information and marketing materials (website, brochure, social media)
- A database of business Mentors
- Entrepreneurship materials that describe the Collaboratory’s goals: To ensure that everyone understands that entrepreneurship is within reach, and that “making” can lead to “manufacturing” can lead to “business launch”
- A series of small business start-up classes
- Collaboration with the Community Business Launch Team to funnel promising Maker/Masters into the CBL program, with the goal of getting 5-8 new businesses launched
- The 4th Annual Lexington Science Festival and Maker Faire

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8. Provide a detailed description of the proposed project's intended outcomes.

**Answer:**

In addition to the Outcomes listed on the Attachment:

We intend for the following outcomes to be achieved within 12 months

- Establishment of the Collaboratory as the incubator for Makers, Masters, and Mentors
- Full roster of classes on a variety of hands-on activities
- Solidification of community vision of Lexington as a place to “Make & Do”
- Mentorship of at least 12 potential new businesses in the first 12 months via business plan reviews, Pitch Nights, and meetings with the Downtown Investment Group

- Development of 5 to 8 unique, financially-viable, Lexington-based businesses, employing 10 to 25 employees.

9. ***Budget and Leverage***

Provide a detailed description of the project budget. Provide a description of each line item in the budget.

**Answer:**

Please see detailed Budget Attachment, which includes the following:

- \* Budget for Source & Use of Funds
- \* Collaboratory Three-Year Operating Budget (not including Revolving Loan Fund)
- \* Collaboratory Start-up Equipment Budget
- \* Collaboratory Class & Membership Revenue Model
- \* Collaboratory Personnel Budget - Year 1

10. Provide verification of leverage requirements. As applicable, attach letters of commitment or award, resolutions from local government, documentation of in-kind support and other leverage.

**Answer:**

Please find among the Attachments the letter of leverage commitment from the City of Lexington.

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## Attachments:

Mini-Resumes

BEEGrantMiniResumes31201791827.docx

Leverage documentation

BEEGrantLexingtonCityLeverageLetter31201791848.pdf

W-9

MSLW931201791922.jpeg

Other

BEEGrantWashingtonandLeeletter31201791950.pdf

Work Plan

BEEGrantWorkPlanLexingtonCollaboratory31201792811.docx

Sources/Uses Budget

BEEGrantAppendixCBudget31201792152.docx

Output/Outcome Matrix

BEEGrantAppendixBOutputsOutcomes31201792211.docx

# BUILDING ENTREPRENEURIAL ECONOMIES GRANT APPLICATION

## LEXINGTON COLLABORATORY

March 1, 2017

### Mini-resumes of Key Personnel

**Stephanie Wilkinson** is Executive Director of Main Street Lexington, which she helped establish in March 2013. Wilkinson is also co-founder and co-owner of Lexington's award-winning farm-to-table restaurant, the Red Hen, established in 2008. Prior to starting the Red Hen, she was the co-founder and publisher of *Brain, Child: The Magazine for Thinking Mothers*, which she sold to Erielle Media after 12 years of publication. Wilkinson recently completed the Goldman Sach's *10,000 Small Businesses* program and holds a Certificate of Entrepreneurship from Babson College.

**Noah Simon** is the City Manager of Lexington, Virginia, overseeing a budget of \$25 million and 125 employees. Simon has more than 15 years' experience in local economic development, including government positions in Texas, Maryland, and Minnesota. He was the assistant manager of Culpeper, Virginia, from 2004 to 2007, where he was a strong advocate of downtown development and entrepreneurial advocacy. He holds a bachelor's degree from Emory University and a Master's degree in public policy from American University.

**Jamie Goodin** is the Digital Engagement Manager, Digital Content and Social Media Strategist, Video Specialist at Washington and Lee University. He is currently President of the Board of Main Street Lexington, and chairs the Promotions committee, President and Marketing Director of Lime Kiln Theater, Founder of LexCollective and CEO of JRG Solutions. He has co-designed and currently co-leads the "Destination: Retail" ten-week business enhancement training program for retailers in Lexington's Downtown District. He holds a B.S. in Business Administration with Special Attainments in Commerce from Washington and Lee '10. He believes in nurturing community-building by creating networks of information, resources and creativity for individual access.

**Atin Basu Choudhary, Ph.D.**, professor of economics at Virginia Military Institute, is the faculty advisor to the Entrepreneurship Club at VMI, overseeing a team of cadets dedicated to identifying entrepreneurial opportunities and honing skills necessary to succeed in new ventures.

## Appendix B: Outcomes Template

Title of Project: **LEXINGTON COLLABORATORY**

		<b>Output Measures</b>	
<b>Performance Measure</b>	<b>Goal/Target</b>	<b>Definition</b>	
# of Participants	300-400	Participants include persons that participate in the program or offering	
# of Borrowers	12	Borrowers include persons that utilize the program supported by the BEE grant as loan funding	
# of Business Plans completed	12	A business plan is a written document that describes in detail how a new <i>business</i> is going to achieve its goals	
# of Microloans provided	12	A microloan is a short-term loan for working capital or the purchase of inventory, supplies, furniture, fixtures, machinery and/or equipment (up to \$50,000)	
Value of Microloans	\$12,000	Total value of the microloans that are anticipated or have been completed	
# of Alternative Financing Deals provided	Downtown Investment Group will determine	Alternative Financing is from non-traditional lending sources	
Value of Alternative Financing Deals	Ditto	Total value of alternative financing deals anticipated or have been completed	
Additional Performance Measures			
<b>Outcome Measures</b>			
# of net new full-time-equivalent jobs	10-20	Full-time equivalent equals the number of jobs that equal 40 hours of work per week. New jobs are those that have not been transferred or held previously.	
# of existing jobs retained	5-10	Retained jobs are those that would have been transferred or laid off, had the financing/improvements not been made.	

# of new businesses created	5-8	Defined as a new business opportunity to include products or services
# of Businesses expanded	3-5	A business that has increased substantially in revenue, job creation or opened an additional location
# of Businesses retained	2-4	A business that would have been lost or closed, had the financing/improvements not been made.
Total private investment	Y1: \$22,400 See Three Year Budget	Investment from any private source include loan funds
Total public investment	Y1: \$55,000 See Three Year Budget	Investment from any public source including local, state or federal

## Appendix C: Budget Template

Title of Project: **LEXINGTON COLLABORATORY**

Project Activity	Source of Funds				TOTAL	
	BEE	Main Street Lexington	City of Lexington	Collaboratory Revenue		
Collaboratory lease, 1300 square feet facility at 18 E. Nelson St.	\$2,700	\$900	\$0	\$7,200	<b>\$10,800</b>	See revenue from classes & memberships, below
Minor modifications to the Collaboratory space at 18 E. Nelson St.	\$2,000	\$0	0	0	<b>\$2,000</b>	Minor soundproofing, re-hanging front door, signage
Furnish space	\$0	\$0	0	0	<b>\$0</b>	2 conference tables, 10 chairs, workbenches, shelving
Purchase & install initial set of tools	\$12,900	\$9,400	2500	0	<b>\$24,800</b>	See "Start Up Equipment Budget" below
Create Collaboratory website	\$800	\$0	0	0	<b>\$800</b>	Webby site, photographs & web designer
Create print business launch & marketing materials	\$2,500	\$0	0	0	<b>\$2,500</b>	
Hire student to create Mentors database	\$700	\$0	0	0	<b>\$700</b>	\$10/hr x 70 hours
Hire part-time Collaboratory Coordinator	\$6,400	\$2,200	0	\$12,400	<b>\$21,000</b>	See "Personnel Budget" below
Create revolving micro-loan fund for businesses focused on making & doing	\$12,000	\$0	0	0	<b>\$12,000</b>	
<b>TOTAL</b>	<b>\$40,000</b>	<b>\$12,500</b>	<b>\$2,500</b>	<b>\$19,600</b>	<b>\$74,600</b>	



**Lexington Collaboratory Three-Year Operating Budget (not including Revolving Loan Fund)**

CATEGORY	YEAR 1	YEAR 2	YEAR 3	
<b>EXPENSES</b>				
Rent (12 mo.)	\$10,800	\$12,000	\$12,000	\$900/mo to start, increasing to \$1000 in year 2
Utilities	\$1,800	\$1,800	\$1,800	\$150/mo
Infrastructure	\$1,000	\$1,000	\$1,000	Dividing spaces, upgrading electrical outlets etc
Equipment	\$25,000	\$5,000	\$5,000	See 1st year equipment budget
Supplies	\$6,000	\$8,000	\$12,000	Grows in proportion to programming
Furniture & Fixtures	\$1,000	\$1,000	\$1,000	Storage bins & fixtures, work benches
Insurance	\$2,500	\$2,500	\$2,500	General liability & umbrella for special activities
Personnel & Admin	\$21,000	\$25,000	\$32,000	Hours grow as programming grows
Marketing	\$7,500	\$1,200	\$1,200	website, printing, advertising, social media, events
<b>TOTAL EXPENSE</b>	<b>\$76,600</b>	<b>\$57,500</b>	<b>\$68,500</b>	
<b>REVENUES</b>				
Grants	\$40,000	\$10,000	\$5,000	BEE, Washington & Lee, Modine, MSL
Sponsorships	\$1,000	\$5,000	\$5,000	Area Manufacturing, Tech, Construction
Public Funding	\$15,000	\$5,000	\$5,000	Municipalities / Library Budget
Private Donations	\$1,000	\$2,000	\$2,500	Fundraising Appeals
Memberships & Classes	\$20,400	\$36,000	\$52,000	Classes, Memberships
<b>TOTAL REVENUES</b>	<b>\$77,400</b>	<b>\$58,000</b>	<b>\$69,500</b>	
<b>NET</b>	<b>\$800</b>	<b>\$500</b>	<b>\$1,000</b>	

Lexington Collaboratory Start-Up Equipment Budget				AREAS OF CONCENTRATION
ITEM	UNIT COST	QUANTITY	TOTAL	Computer Electronics & Programming
Arduino Microcontrollers	\$100	25	\$2,500	Robotics
Raspberry Pi	\$90	25	\$2,250	Fabrication
Makerbot 3D Ed. Kit	\$6,899	1	\$6,899	Audio Engineering
Laser Cutter	\$3,499	1	\$3,499	Video Engineering
Microphone w/ Stand	\$150	1	\$150	STEM-related synergistics
Mini Video Camera	\$150	2	\$300	
Color Printer	\$295	1	\$295	
Tripod	\$20	2	\$40	
Photo Lighting	\$20	1	\$20	
Green Screen	\$120	1	\$120	
Digital Editing Software	\$115	2	\$230	
STEM Library	\$1,500	1	\$1,500	
Consumable Materials	\$2,500	1	\$2,500	
Computers	\$1,500	3	\$4,500	
<b>TOTAL</b>			<b>\$24,803</b>	
<b>Collaboratory Class &amp; Membership Revenue Model - Year 1</b>				
ITEM	UNIT COST	QUANTITY	TOTAL	
Monthly Memberships	\$40	10 x 12 months	\$9,600	<i>Erring on the side of caution; likely to be many more</i>

Classes	\$20	2/wk x 8students x 45 wks	\$14,400		
{Teacher Fees}	\$5	per student per class	-\$3,600	Master fees average \$40/hour	
<b>TOTAL</b>			<b>\$20,400</b>		
<b>Collaboratory Personnel Plan - Year 1</b>					
Collaboratory Coordinator	\$15	25 hrs/wk x 52 weeks	\$19,500		
Taxes	0.07		\$1,365		
<b>TOTAL</b>			<b>\$20,865</b>		

**BUILDING ENTREPRENEURIAL ECONOMIES WORK PLAN | LEXINGTON COLLABORATORY | LEXINGTON, VIRGINIA**

**Goal: To Build An Entrepreneurial Ecosystem Centered on Innovation Through Making, Mastering, and Mentoring**

TASK	PERSON RESPONSIBLE	START & END DATE	COST	REVENUE GENERATED	VOLUNTEER HOURS NEEDED	STAFF HOURS NEEDED	PROGRESS / COMPLETION COMMENTS
Canvas schools and community for initial programming outline (scope and schedule of classes) and donation of start-up equipment (including donations from the universities and private citizens)	Wilkinson, Goodin	April 1 - April 30	\$0	\$0	10	10	Reaching out to the community via email blasts, Facebook polls, and in person meetings to help anticipate demand for Collaboratory services.
Coordinate with Rockbridge Regional Library on tool sharing and Library-funded and -run programming	Goodin & Goyette	April 1 - April 30	\$0	\$0	4	4	Julie Goyette is director of the Rockbridge Regional Library System.
Design, layout & upfit the facility (tool area, class area, meeting area, common area)	Bezold & Goodin	April 15 - May 31	\$2,000	\$0	15	20	George Bezold is owner of Collaboratory space at 18 E Nelson St. and a contractor.
Hire part-time Collaboratory Coordinator to oversee scheduling of classes, business training seminars, and meetings between Makers and Mentors	Wilkinson	Contingent on grant funding	\$21,000	\$0	5	15	Staff hours used primarily to research job descriptions used elsewhere and to set parameters on responsibilities.
Purchase Equipment	Wilkinson/Coordinator	June 1 - ongoing	\$24,800	\$0	10	10	Volunteers to help install equipment
Recruit initial teachers (aka "Masters")	Goodin	April 1 - May 31	\$0	\$0	0	15	Outreach via Makerspace Facebook page, through campus notices, and via posters & flyers
Create assessment tools to determine proficiency and progress through the pathway of "Making to Mastery to Mentorship"	Goodin/Coordinator	May 1 - 15	\$0	\$0	15	2	Pre- and post-services surveys will help us continually refine this pathway, locate gaps in services, and address any issues.
Create class schedule for test phase of six months	Wilkinson, Goodin	May 15-31	\$0	\$0	4	10	Class schedule will include both "Making" and "Mentoring" classes (i.e. tool skill building and business-oriented sessions)

Create series of Collaboatory familiarization & marketing activities (launch parties, open houses, virtual tours)	Goodin	June 15 - August 1	\$1,250	\$1,000	120	20	Will use familiarization & marketing events to fundraise as well.
Establish simple but expandable website to house basic information, paths to contribute, membership structure, description of services, class schedule, business start-up services, and micro-loan program.	Goodin	June 1 - June 15	\$800	\$0	0	5	Use of low-cost, customizable website template (such as Wix or Weebly) will keep site affordable and manageable in-house.
Create business launch materials focused on businesses centered around making & doing, along with Micro-Loan Program guidelines	Logan, Wilkinson, Basu	June 1 - August 1	\$1,250	\$0	25	5	Prof. Basu will work with graphic designer Rebecca Logan to create printed materials (which will also be shared to the website)
Launch Classes & Membership	Coordinator	August 1, 2017	\$3,600	\$24,000	0	0	Coordinator paid for 25 hours/week
With assistance from hired student workers, construct a database compiling information on business mentors in the area, drawing from the following sources: existing Main Street Lexington contact database; Chamber of Commerce membership; LinkedIn and other membership services; and social media and personal networks. This database will gather contact information, past business experience, notes on special skills or industry knowledge, along with confirmed interest in assisting budding entrepreneurs. Through this database, the Collaboatory will be able to quickly match fledgling innovators with seasoned business people.	Goodin, Basu	September 15 - October 31	\$700	\$0	80	2	10 Volunteer hours to oversee project + 70 student hours to execute
<b>TOTAL</b>			<b>\$55,400</b>	<b>\$25,000</b>			

# APPLICATION for COMMUNITY BUSINESS LAUNCH GRANT

Launch/Lex: Lexington, Virginia

March 2017

## *1. Briefly discuss your economic development strategy and how the CBL and the competition fit into the strategy.*

When it comes to economic development, the City of Lexington faces unique challenges. At 2.5 square miles and with 7,100 residents, the city's primary industries are higher education and tourism. It is also the seat of Rockbridge County. Between the two universities, the campuses of three public schools, government offices, and its many churches, 64% of the property in the City is tax-exempt. This gives Lexington the dubious distinction of having the highest percentage of non-taxable property of any city in the Commonwealth. This situation puts tremendous pressure on the City to find creative ways to generate revenue and to help offset pressure on tax rates.

Main Street Lexington, established in 2013, has been actively working with the City of Lexington to support the existing downtown business base and to facilitate further growth. In the summer of 2016, the Board of Directors established three transformation goals for Lexington to be achieved by 2019: 1) To establish Lexington as a magnet for destination travelers, 2) To solidify Lexington as a hub for arts and innovation, 3) To make Lexington bustle with people living downtown by bringing more second- and third-floor residences into use.

To that end, MSL has set the following in motion:

**DESTINATION: RETAIL Business Enhancement Program:** Planned, funded, and carried out a new targeted business enhancement program for 11 of our existing Downtown Lexington retail operations. Destination: Retail combined ten weeks of seminar-style classes with one-on-one consultations with a nationally renowned marketing expert. Following strategy ideation, each shop owner created a project to enhance their store as a "shopping destination," pitched it to the class, then was awarded a micro-grant of \$300 to help offset the cost of carrying out their project. The program was funded by the City of Lexington and the Virginia Main Street program.

**UPSTAIRS & UNDERGROUND: A WALKING TOUR OF DOWNTOWN LEXINGTON:** On May 20, MSL will host an extensively organized walking tour of the less well-known spaces in our downtown, including living and working spaces on second and third floors, back garden apartment, and other places off the beaten track. We will use this both as a way to raise awareness of and pique interest in the potential of underutilized buildings. Following the tour, we'll have a beer-and-BBQ party, where we'll invite attendees to mingle with experts in rehabbing and re-purposing older buildings, including realtors, architects, tax credit advisors, and regular folks who have gone through the process of reimagining spaces.

**LEXINGTON COLLABORATORY AND BUSINESS INCUBATOR:** This summer, MSL will bring 18 months of preparation to fruition by launching the county's first makerspace and business incubator. Called the Collaboratory, the makerspace will be a place for sharing tools, ideas, creativity, and experience. There will be a strong focus on moving people from making to mastery, and from mastery to mentorship. Memberships and a la carte classes will be offered. In addition, we are compiling a database of business mentors in the area, drawn from our extensive pool of executives, entrepreneurs, and business professors who have agreed to lend a hand to advise any maker interested in stepping up from hobby to business. And to facilitate that, we are fortunate to have a new seven-member Downtown Investment Group, a collection of high net worth individuals with patient money and a deep love of the area who are actively looking for innovations and individuals to invest in. All of these activities will take place in a funky, high-ceilinged downtown industrial arts space leased and run by a division of MSL.

In addition, MSL has been building bridges between downtown and our two universities, forging connections with the Entrepreneurship Club at Virginia Military Institute, advised by Col. Atin Basu, and the new J. Lawrence Connolly Center for Entrepreneurship at Washington and Lee University, led by Prof. Jeff Shay. We are also attempting to create a bond with the Career and Technical Education program at Rockbridge County High School and our local community college, Dabney S. Lancaster, whose vice president for academic affairs, Benjamin Worth, has recently joined the MSL board.

If we are successful in securing a Community Business Launch grant for the program we are calling “Launch/Lex,” we will be well positioned to draw all these free-floating assets into one cohesive, coherent economic ecosystem in Downtown Lexington. The CBL will not merely provide significant funding for launch grants and administration, it will allow us to offer a high-profile, rapid-results program that will mesh seamlessly with the launch of Collaboratory and that will have a much greater impact in the community than we could hope to accomplish without it.

Also comes at a critical time, as generational turnover has picked up momentum in our downtown, as our vacancies will double to twelve available move-in-ready spaces by early summer 2017.

***2. Based on your community’s assets and your broader economic development strategy, have you identified business niches that you might target through the competition (e.g., arts and culture; outdoor recreation; restaurants and hospitality; technology; specialty retail.)***

***a. If yes, please describe and discuss how they were determined (e.g., market analysis; community survey).***

***b. If no, please discuss why this is so.***

***NOTE: Either approach is acceptable.***

We will give special consideration to business opportunities that fit into our three Downtown Transformation Goals (see above). We will encourage and prioritize ideas for businesses that: 1) make Lexington more attractive to people who live downtown (e.g. a small grocery store or other service or convenience); 2) move Lexington forward as a hub of arts & innovation (e.g. light manufacturing; app development workshop); or, 3) provide experiences for destination travelers (such as escape rooms, ten pin bowling, massage studios, etc.)

Through our recent work crafting a vision for Downtown Lexington, we believe that optimizing for “the experience economy” will serve us best as an economic development strategy. We have been fortunate, over the years, to have a relatively strong business mix downtown, encompassing services, retail and hospitality.

At the same time, Lexington is in the same tight spot as other brick-and-mortar retailers in the age of Amazon. In order to counter advantages of scale, price, and convenience, small town businesses have to find creative ways to attract and retain customers. Our belief is that by assisting our businesses to identify how they fit into an “experience” economy focused on providing tangible benefits to customers -- local residents; students, their families, and alumni of the universities; and tourist and destination travelers -- we can provide an advantage over businesses that start up without such support. We don’t think the job ends once the doors to the business open; we aim to support our businesses throughout their lifecycle. As a Main Street community with a vibrant and engaged merchant community that meets monthly, participates in group promotions, and is mutually supportive, we have the right components to make the healthiest possible business environment.

***3. What small business development and entrepreneurship resources (private for-profit; private non-profit; public sector) are currently available in the community or region that supports, in part, start-up community-based businesses? Please respond to letters a, b, c, d, and e that are listed in below in the subsequent questions. Remember that these businesses will typically be very small and the entrepreneur will most likely be new to business operations. Please provide a link to websites for these resources, if available.***

*a. Sources of loan or other capital. Example: Our local Main Street program is a KIVA Zip Trustee and can assist businesses that support their mission to access up to \$5,000 in loan funds. Capital City Microloan Fund, Inc. offers microloans up to \$50,000.*

**Downtown Investment Group:** We have a new Downtown Investment Group, a small collection of willing and patient high net-worth individuals who are on the watch for innovators and business expansions that will be an asset to our community. So far, individuals in the DIG have invested in a handful of businesses; we believe having the CBL will provide a structure upon which the DIG can build in the future. (In other words, having the pitch competition model in action in Lexington might inspire them to build or add to a pool like that in the future.)

**Lexington Collaboratory Revolving Loan Fund (pending):** To boost the launch of the Lexington Collaboratory's Business Incubation Arm, MSL has applied for a Building Entrepreneurial Economies (BEE) grant from the DHCD. A portion of that grant is earmarked to be seed money for a revolving loan fund to provide assistance to new businesses. While we are not certain we have secured this grant, we remain confident that our programming makes us a fine candidate.

**Staunton Creative Community Fund:** The SCCF offers access to an "Invest Local" program that "connects local dollars with local projects" through Meet & Greet events and seminars on self-directed IRAS. Currently focused on Staunton and Augusta County, the Invest Local program will be expanded as SCCF augments its offerings in the Lexington/Rockbridge region. In addition, they are expert administrators of the VIDA program, which provides 8:1 savings match to qualified individuals to help them with business or educational aspirations.

**Washington & Lee University Gen Dev Micro-Loans:** The Williams School of Commerce at W&L has a student-run program called General Development. Their Gen Dev Micro-Loan program has a fund of a few thousand dollars. Students practice lending skills by making small loans of under \$1000 to new and existing businesses. These loans were traditionally made to businesses overseas, until Main Street Lexington made a formal request three months ago for the students to open the pool to local entrepreneurs. We expect to see Gen Dev loans made for Lexington businesses in the next six to nine months.

*4. b. Sources of business training (please attach a typical syllabus and discuss the objective of the training). Example: Our SBDC provides a 6 week course on "How to Start Your Business" using the Core Four curriculum supplemented with guest speakers such as. . . The training steps participants through preparing a business plan and each student leaves the class with a finished plan.*

The Staunton Creative Community Fund has agreed to be our educational partner in the Community Business Launch program for Lexington. Having successfully conducted programming both for its own clientele as well as for the CBL-based programs in Waynesboro and Staunton, SCCF is perfectly positioned to deliver high-quality and targeted training for this project. MSL will work with SCCF to apply any modifications the Lexington market requires, including emphasizing our heavily tourist- and student-driven market and our "experience economy" focus.

The 8-week class focuses on all the essentials of start-up preparation, including concept refinement, business structure, marketing plans, competition, break-even analysis, basics of financials, taxes and business plan refinement.

Please see the attached Class Schedule for more details.

*5. c. Mentoring. Example: Currently no mentoring opportunities exist in our community. This gap is something that the SBDC, local Main Street organization and Capital City Microloan Fund have been discussing and are looking for sustainable models.*



Main Street Lexington has taken steps to cultivate a mentoring community to advise downtown businesses. The first is the development of the Downtown Investment Group, who meet on an ad hoc basis to advise any current or potential business owner on nearly any type of challenge they face. To date, advice has been shared with businesses ranging from a chocolate shop owner needing to expand to a real estate investor trying to upgrade a residential property downtown.

Next: Our soon-to-launch Lexington Collaboratory & Business Incubator, slated to open this summer, has on its workplan the compilation of a Mentor Database. (Note: The Collaboratory is a candidate for a BEE Grant, which if successful will provide some funding for this effort. If unsuccessful, we are still committed to the program, though the timetable may be extended). Such a Mentor Database will collect names and specialties of active and retired business people willing to lend time to our downtown business community. The Collaboratory will be a space in which matches between businesses and mentors can happen.

**6. d. Downtown or Neighborhood Commercial Space (move-in ready). Example: Based on information in the local Main Street program's property database, there are currently 5 vacant buildings (each is about 5,000 square feet) in downtown. Three are in move-in condition (clean; no needed repairs). All three of the landlords are local and looking for tenants. One has offered to allow 6 months of graduated rent (50% off market rate for 2 months; 25% off for 2 months; 15% off for the last 2 months) to the winner of the business competition.**

Main Street Lexington maintains a Vacant Property Inventory for the downtown district which is shared with the City Manager every six months. After several years of declining vacancy rates, largely attributable to new public and private investments and an overall surge of confidence in downtown since MSL's founding in 2013, we are now entering a period of rising vacancies, as a significant number of downtown businesses undergo transition. Several long-time owners have announced their retirement. Others have indicated a desire to sell their businesses. While only six months ago we boasted a vacancy rate of only 5-6 empty storefronts, we now have an additional three vacancies, with three to four more coming down the road before the end of the summer. While we are firmly of the belief that this uptick in transition is actually a testament to the strength of the downtown--several owners told us they held off on any change until they felt downtown was in good shape--the result is that we are facing a slightly daunting number of vacant storefronts in the coming fiscal year.

On the positive side, we work hard to build trust with our property owners and have solid relationships with them. Here is our current availability chart.

Address	Previous Business Name(s)	Square Footage	Condition	Owner
163 S. Main St.	Military Recruiting Office	1900	Good, ready to go	Sharon Edwards
7 N. Main St.	The Georges office / Bradshaw	1680	Moderate; move-in ready but old infrastructure	John Cleary
9 N. Main St.	Lex Coffee Roasters	1700	Good, ready to go	John Cleary
24 N. Main Street	Main St Vapes	1200	Good, ready to go	Joe Vita
128 S. Main Street	Mays Real Estate	1620	Moderate; move-in ready but old infrastructure	Natalie Shulkin
115 W. Nelson Street	Pres Brown	7,300	Very challenged; needs work	Pres Brown
23 S. Jefferson St.	Cool Beans	750	Excellent	Rush Earman
14 E Nelson St	Law Offices	800	Excellent	George

				Bezold
205 C S. Main St	Leila Taylor Massage	250	Moderate; move-in ready but old infrastructure	Ward Huffman
123 S. Randolph St.	Blue Lab Brewing	2000	Good, ready to go	Irene Townsend
41 S. Main St.	McCorkle Hallmark	1770	Good, ready to go	Bill McCorkle
126 S. Main St.	Frame & Design	1440	Good, ready to go	Carl Brown
18 E. Nelson St.	Halestone Studio	1200	Excellent	George Bezold
312 S. Main St.	Old Library Building	1664	Old; needs work	Gavin Fox

**7. e. Other Resources. Example: A locally owned public relations company is very interested in entrepreneurship and has agreed to help coordinate a marketing campaign to locally generate interest and excitement in our economic strategy and related entrepreneurship opportunities.**

We are blessed with active and engaged volunteers in our community. We have commitments from a range of experts who will be offering in-kind services to the Launch/Lex endeavor, ranging from graphic designers to social media experts, lawyers to newspaper owners. Please see the full listing of those in the answer to Question 12 and in the in-kind donation chart.

**8. Please discuss the area that you have designated to place the winning businesses. Example: A Main Street designated community, Enterprise Zone Area, Tourism Zone, etc... Also, please attach a map of the designated area.**

Winning businesses are required to be established in the designated Main Street district, with two small extensions: The portion of South Main Street that includes 312 South Main Street (aka "The Old Library Building," a 6400-square foot building that has been vacant for five years) and Jordan's Point, a riverside section of land the city would like to see used for some seasonal commercial endeavors.

Please see attached map.

**9. Administration of the grant will generally require three main roles to be successful. A grantee may determine that all three roles can be filled by one organization or entity, or the different roles may be filled by different organizations. The three general roles are outlined below in the subsequent questions. Please discuss how and by whom do you envision these roles to be filled**

**a. Fiscal management of the cash resources from DHCD and how those are being used in the competition, including payment of awards to the competition winner(s). Note that DHCD does have suggested policy for distribution of these funds.**

Main Street Lexington will act as the fiscal agent responsible for receiving and disbursing funds as well as keeping accounts and producing reports. MSL has experience with this function, having set up a micro-grant component to the Destination: Retail business enhancement program we mounted in the first quarter of 2017.

**10. b. Day-to-day management of the activities of the competition (please see the Launch In-depth Chart for an understanding of some of the basic activities of the competition). This requires an understanding and passion for entrepreneurs; keeping the competition on track; convening and leading meetings of the coordinating committee for productive outcomes, providing a point person for general outreach to, support of, follow-up for the prospective entrepreneurs.**

The Staunton Creative Community Fund, based up the road in Staunton, Virginia, has a proven track record with business launch programming, both through its own roster of classes maintained through the year and with other communities conducting Community Business Launch-based projects. The SCCF's service area encompasses the Rockbridge/Lexington region, and this spring will begin offering a limited roster of open-enrollment classes in Lexington. This more formal partnership will strengthen both of us, as we learn from each other and incorporate strengths into our own organizations.

***11. c. Broad oversight and accountability of the local pilot to serve as DHCD's point of contact and would serve as the entity with which DHCD would contract.***

Main Street Lexington will provide oversight and accountability and act as the DHCD point of contact through its downtown office and executive director, Stephanie Wilkinson. In addition to having launched and run two successful independent small businesses, Stephanie holds a Certificate of Entrepreneurship from the Goldman Sachs 10,000 Small Businesses Program at Babson College. Assisting her will be Jamie Goodin, a social media and marketing entrepreneur and President of the Board of Directors of Main Street Lexington.

***12. Please discuss in detail who your existing and potential partners are for the project in general and the competition in particular; what role do you envision each playing and what resources do they bring, if known. Example: Chamber of Commerce – This current partner signed on to our Letter of Interest and we have partnered with them on a regular basis to connect new businesses to local support resources. They have agreed to actively market the competition and help identify and refer possible participants. They will highlight the competition in their e-blast as well as post participant applications on their website. Their director of business development will serve on the coordinating committee.***

**Staunton Creative Community Fund** - The SCCF will provide us with training curriculum and trainers, as well as access to information for class attendees and winners on other financial tools that are available, including the VIDA matching funds program. (See Letter of Support)

**Downtown Investment Group** - MSL's DIG will provide advisory services and investment opportunities. The seven members are eager to participate in the Launch/Lex project. (See Letter of Support)

**Chamber of Commerce Serving Lexington, Buena Vista & Rockbridge** - Executive Director Tracy Lyons has committed to assisting the Launch/Lex project with cross-promotional efforts (their e-newsletter is the county's most widely read) and with providing networking connections for prospective businesses. In addition, the Lexington Collaboratory, which will be the site of the classes and pitch, is neighbor to the Chamber offices, making cooperation extremely easy.

**J. Lawrence Connolly Center for Entrepreneurship at Washington and Lee University** - The director of the Entrepreneurship Center at Washington and Lee, whose brand-new center is located downtown, has already partnered with Main Street Lexington on one business development program, Destination: Retail, and has expressed willingness to extend partnership through its Gen Dev micro-loan program, student venture club, and drop-in mentoring. Director Jeff Shay has agreed to be on the judges' panel for the pitch competition.

**Entrepreneurship Club at Virginia Military Institute** - This academic year, VMI cadets have begun offering to take on short-term projects for Lexington/Rockbridge businesses, including creating surveys and conducting marketing analyses. The faculty advisor, Atin Basu, is also volunteering time to the Launch/Lex project as a mentor and judges' panel member.

***13. What challenges does your community face in fostering and serving community-based small businesses and entrepreneurs?***

While Lexington is blessed with an abundance of talent in the business world, that talent traditionally has existed in distinct silos, either on the separate campuses of the universities, in business development organizations based outside of town (the SCCF in Staunton and the Shenandoah SBDC in Harrisonburg), or in the minds of talented retired businesspeople. Our local Chamber of Commerce is small, faces funding challenges, and is currently focused on supporting existing businesses rather than assisting the realization of new ones.

Until the advent of Main Street Lexington in 2013, the city's only economic development entity was our regional tourism agency, whose efforts are by necessity widely scattered and limited to tourist-related activities. We have had no program in the City dedicated to start-ups and only limited printed or online materials available to guide interested people through the steps to do so. And finally, we have lacked sufficient funds to create an attractive and impactful pool of money to give businesses the boost they need, in a proven structure like the CBL that combines business training with a pitch competition and awarding of prizes.

***14. How will participating in the CBL help you address these challenges?***

The resources provided by the CBL will allow us to strengthen the bonds we have been painstakingly building over the last 24 months, drawing together the array of resources we are lucky enough to have in the area. The time is ripe for such an event. Through luck and natural turnover, we have new blood in many key positions in the city, including a new city manager, a new director of our Chamber of Commerce, a brand new center for entrepreneurship at W&L, a new entrepreneurship club at VMI, a new vice president for academic affairs at the community college, and the new organization that is our Main Street program. We have worked tirelessly to forge personal connections with all parties (for instance, by creating ex-officio roles for all those entities on our Board), but we have not had the opportunity or means to draw everyone together in the same boat, pulling on the same oar. Launch/Lex could be that boat.

The funds provided by CBL will be integral to counteracting the wave of business retirements and shop closings the district is facing. Equally important, along with the money will come visibility, a crucial factor in raising awareness of downtown as a place to establish a business. The vote of confidence in Lexington shown by the state in awarding the grant will make news locally and regionally, providing a crucial boost.

***15. In general, how do you envision using the financial resources: up to \$60,000? Please keep in mind that if selected as a grantee, the grant amount will be negotiated with DHCD before being finalized.***

A grant of \$60,000 will be augmented with a \$10,000 matching cash grant from the city and \$5,000 in services and volunteer hours, totalling \$75,000.

The \$60,000 from the CBL would be used as follows:

\$55,000: Winners' Grants - up to \$10,000 for 5 to 7 new businesses (matched by \$5,000 from the City of Lexington)

\$2,000: Training/Workshops/Meetings - fees for service from Staunton Creative Community Fund for curriculum and trainers for 8 weeks of classes (matched by \$3000 from the City)

\$1,500: Administrative costs - Our workplan estimates the need for 145 hours of paid administrative tasks. We plan to hire a part-time administrator at \$18 hour (total will be matched by \$1000 from the City)

\$1,500: Marketing/Advertising/Promotions -- We will be placing ads in our two local papers, on our regional radio station, and through boosted social media; we will maintain a website for the project, and print flyers and brochures about the program for distribution through schools, civic organizations, churches, and area notice boards (matched by \$1000 from the City)

***16. There is a required 25% match for the 2018 CBL. This match must include cash(minimum \$10,000) and in kind support. What sources will be used to meet this requirement?***

Our required \$15,000 match will be composed of:

\$10,000 grant from the City of Lexington (Please see attached Letter of Support)

\$5,000 of in-kind support (Please see attached Chart of In-Kind Support)

	Company or Affiliation	Speciality	In Kind Donation or Hours Donated	Value @ Market Rate	<a href="http://www.independentsector.org/resource/the-value-of-volunteer-time/">http://www.independentsector.org/resource/the-value-of-volunteer-time/</a>
Jamie Goodin	JRG Consulting	Social Media & Marketing	36	\$1,800.00	\$1050 (21 hours @\$50hr) + \$750 website
Matt Paxton	The News-Gazette	Advertising	1	\$1,000.00	Advertising space - see letter
Jonathan B. Tarris	Tarris Law	Legal	12	\$1,800.00	\$150/hr - professional rate
Tracy Lyons	Rockbridge Area Chamber of Commerce	Half-price first-year memberships for up to 7 new businesses	7	\$525.00	Each half-price membership = \$75
Rebecca Logan	Rebecca Logan Graphic Design	Graphic Design	16	\$720.00	\$45/hr - professional rate
Atin Basu	Virginia Military Institute, Professor of Economics, Advisor to Entrepreneurship Club	Entrepreneurship	20	\$471.20	volunteer rate (\$23.56/hr)
Ross Waller	Bridgewater Assoc. (retired)	Finance	25	\$589.00	volunteer rate (\$23.56/hr)
Jeff Shay	Washington & Lee	Entrepreneurship	10	\$235.60	volunteer rate (\$23.56/hr)
Melissa Gladwell	Home Instead / MSL Board	Marketing & Graphic Design	22	\$660.00	volunteer rate (\$23.56/hr)
Sue Whitsell	MSL Economic Vitality Committee	Logistics & Planning	15	\$353.40	volunteer rate (\$23.56/hr)
Frances Grist/Suzy Jones	Main Street Lexington	Email marketing, Administration	30	\$450.00	\$15/hr - professional rate
		<b>TOTALS</b>	<b>194</b>	<b>\$8,604.20</b>	

**17. What outcomes/benefits are your organization hoping to achieve through the CBL?**

Among the outcomes we aim to achieve are:

Advertising Launch/Lex to the wider Rockbridge region to let potential entrepreneurs know there is a group eager to assist them in realizing their goals of business ownership

Bringing into the classroom at least 12 to 15 potential entrepreneurs for training on start-up topics

Ushering 8 to 12 entrepreneurs through the pitch competition

Awarding start-up grants to 5 to 7 entrepreneurs, launching new businesses in the Downtown Lexington district

New businesses will be responsible for creating at least 5 to 8 new full-time jobs.

In addition, we are confident that Launch/Lex will firmly establish MSL as an invaluable business development resource for the City of Lexington. Carrying out the CBL program will help us expand and hone the organization's internal skill in assessing market gaps, identifying potential opportunities, cultivating promising entrepreneurs: nurturing their talents, providing them with resources, and supporting them with mentorships,

ongoing programming, business lifecycle advice, and plugging them into a vibrant network of stakeholders in the Main Street Lexington community.

Attachments:

- Letters of Support
- Proof of Required Match
- Map of Designated Area
- Draft Class Schedule/Timeline
- Draft Class Curriculum

LAUNCH/LEX Budget					
Revenues	CBL Grant	City	In-Kind*	Totals	Notes
	\$60,000	\$10,000	\$5,000	\$75,000	
<b>Expenditures</b>					
Administrative	\$1,500	\$1,000	\$2,000	\$4,500	\$2,500 to hire part-time administrator, meeting materials, refreshments; \$2000 in kind volunteer hours
Training/Workshops/Meetings	\$2,000	\$3,000	\$2,500	\$7,500	\$5000 to SCCF; \$2500 donated space & volunteer hours to augment SCCF staff
Marketing/Ads/Promotions	\$1,500	\$1,000	\$500	\$3,000	\$2,500 ad & marketing (Advocate, NG, 3WZ, WDBJ, FB boosts); \$500 in-kind graphic design
Grants	\$55,000	\$5,000		\$60,000	Up to 7 winners
Other				\$0	
<b>TOTALS</b>	<b>\$60,000</b>	<b>\$10,000</b>	<b>\$5,000</b>	<b>\$75,000</b>	<i>*Note: In-kind donation pledges actually exceed \$5000; see In-Kind chart</i>

LAUNCH/LEX PROJECT SCHEDULE (DRAFT)	Admin Hours Required	Week	Week	Week	Week	Week	Week	Week	Week	Week	Week	Week	Week	Week	Week	Week	Week
		1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16+
Promotions & Outreach Planning	10																
Community Information Meetings (3) & Sign Ups	6																
Media Outreach (TV, newspaper, radio, social)	15																
Classes Begin / End	20																
Property Owner Outreach	10																
Pitch Competition Judges Meeting	4																
Pitch Competition & Awards Ceremony	4																
Winners' Circle Meetings: What's Next	4																
Matching Winners with Spaces	10																
DIG Advisory Sessions w Winners	15																



## Noah Simon

---

**From:** Gary Swink  
**Sent:** Friday, June 02, 2017 2:04 PM  
**To:** Noah Simon  
**Subject:** FW: VHCF April operating results  
**Attachments:** April 2017 financial report.pdf

Gary Swink  
Finance Director/Assistant City Manager  
City of Lexington, Va.  
(540) 462-3731  
gswink@lexingtonva.gov

-----Original Message-----

From: Sandra Thomas [mailto:sgt1@me.com]  
Sent: Friday, May 12, 2017 11:37 AM  
To: Bobby Hobbs <hobbsb@cornerstonebankva.com>; Tommy Loflin <TLoflin@hometownbank.com>; David E. Worley <David.Worley@va.usda.gov>; Gary Swink <gswink@lexingtonva.gov>; Steven Bolster <sbolster@rockbridgecountyva.gov>  
Subject: VHCF April operating results

All,

Attached are the YTD financial statements for April. We had an operating loss of \$171,000 for the ten month period which is an increase of 100+% over reported fiscal 2016's operating loss for the same period of \$66,000. This significant loss is misleading and is the result of the timing of recording revenue and expenses for LSP and LSE. The last day of LSP was April 30 so all of the contract labor checks were dated that day. Revenue for exhibitors checking out on April 30 was not recorded until the first week in May when we received the checks and deposited them to the bank. We expect to return to YTD operating profitability at the end of May when all LSP and LSE revenue and expenses have been recorded.

The included comparative income statement includes references to explanations for significant variances. The last 11 pages in the package shows the profitability of the fiscal 2017 shows.

Have a great weekend,

Sandra

Sandra G. Thomas  
434.825.4966  
sgt1@me.com



11:27 AM  
 05/11/17  
 Accrual Basis

**Virginia Horse Center Foundation**  
**Balance Sheet**  
 As of April 30, 2017

	Apr 30, 17	Apr 30, 16
<b>ASSETS</b>		
<b>Current Assets</b>		
Checking/Savings		
Cash - Unrestricted	19,977.09	64,334.40
Restricted Cash	792,360.71	332,496.38
<b>Total Checking/Savings</b>	812,337.80	396,830.78
<b>Accounts Receivable</b>		
1100 · Accounts Receivable	26,667.26	13,990.12
1105 · Pledges Receivable-Current	31,166.67	4,050.00
<b>Total Accounts Receivable</b>	57,833.93	18,040.12
<b>Other Current Assets</b>		
1106 · Lodging tax receivable	318,724.88	175,295.39
1200 · Inventory	23,262.11	24,859.27
1250 · Prepays	1,448.30	1,448.30
<b>Total Other Current Assets</b>	343,435.29	201,602.96
<b>Total Current Assets</b>	1,213,607.02	616,473.86
<b>Fixed Assets</b>	18,876,780.46	19,388,698.41
<b>Other Assets</b>		
1400 · Other Assets	5,618.22	7,936.38
1401 · Pledges Receivable - LT	276,033.34	105,000.00
<b>Total Other Assets</b>	281,651.56	112,936.38
<b>TOTAL ASSETS</b>	<b>20,372,039.04</b>	<b>20,118,108.65</b>
<b>LIABILITIES &amp; EQUITY</b>		
<b>Liabilities</b>		
<b>Current Liabilities</b>		
Accounts Payable	454,744.44	369,473.58
<b>Other Current Liabilities</b>		
2001 · Accounts Payable-other	0.00	6,346.55
2002 · Accrued Expenses	8,841.55	0.00
2003 · Sales Tax Payable	17,525.35	13,359.56
2004 · County Meals Tax Payable	792.46	409.58
2005 · Occupancy Tax Payable	2,122.89	941.09
2006 · Accrued Payroll	67,230.00	50,160.00
2008 · Accrued Vacation	57,361.00	29,115.02
2009 · Accrued Interest - USDA	92,749.03	98,304.28
2010 · Accrued Interest - NRB	14,074.14	14,454.93
2012 · Deferred Sign Revenue	21,091.66	18,945.99
2013 · Show Deposits	5,000.00	8,725.00
2014 · Current Portion USDA Debt	176,170.44	48,406.65
2015 · Current Portion NRB Debt	7,115.86	6,611.66
2022 · Rent Deposits	600.00	600.00
2023 · Mezzanine rent deposits	405.00	1,250.00
2025 · Current Sedgefield Settlement	5,000.00	5,000.00
2027 · Borrowings under LOC	149,999.70	145,000.00
2028 · Accrued contracted services	359.64	359.64
2032 · Cornerstone N/P - Current	0.00	100,000.00
2033 · Ford Credit Vehicle Loan	28,219.96	34,200.54
2034 · Deferred Revenue - Other	504,689.80	0.00
2400 · Payroll Liabilities	114.92	0.00
<b>Total Other Current Liabilities</b>	1,159,463.40	582,190.49
<b>Total Current Liabilities</b>	1,614,207.84	951,664.07

11:27 AM

05/11/17

Accrual Basis

**Virginia Horse Center Foundation**  
**Balance Sheet**  
As of April 30, 2017

	<u>Apr 30, 17</u>	<u>Apr 30, 16</u>
<b>Long Term Liabilities</b>		
2100 · USDA Debt	10,128,297.84	10,425,252.93
2101 · NRB Note A	662,838.06	678,774.14
2102 · NRB Note B	86,056.19	97,229.02
2104 · Sedgefield Settlement	5,000.00	15,000.00
2105 · Cornerstone deferred main note	350,000.00	350,000.00
<b>Total Long Term Liabilities</b>	<u>11,232,192.09</u>	<u>11,566,256.09</u>
<b>Total Liabilities</b>	<u>12,846,399.93</u>	<u>12,517,920.16</u>
<b>Equity</b>	<u>7,525,639.11</u>	<u>7,600,188.49</u>
<b>TOTAL LIABILITIES &amp; EQUITY</b>	<u><u>20,372,039.04</u></u>	<u><u>20,118,108.65</u></u>

VHCF

Income Statement

For the Ten Month Period Ended April 30, 2017 and 2016

	<u>YTD 4/30/17</u>	<u>YTD 4/30/16</u>	Change
Income			
Contributions			
Unrestricted	\$450,873	\$257,272	193,601 A
Restricted	247,927	176,299	71,628 B
Gifts in kind	21,040	1,500	19,540 C
Raffle proceeds	-	50,000	(50,000) D
Facility Fee	806,706	920,766	(114,060) E
Events & Show Revenue	995,825	956,859	38,966
Food sales	151,540	122,147	29,393
Merchandise	292,736	319,080	(26,344)
Commissions and Advertising	30,188	25,108	5,080
Total Income	<u>2,996,835</u>	<u>2,829,031</u>	<u>167,804</u>
Cost of Goods Sold	263,842	290,064	(26,222)
Gross Profit	<u>2,732,993</u>	<u>2,538,967</u>	<u>194,026</u>
Operating Expenses			
Facility Operations	1,151,014	1,092,841	58,173 F
Events & Show Operations	959,128	751,732	207,396 G
Management & General	718,939	692,339	26,600 H
Fund Raising Expenses	74,931	68,367	6,564
Total Operating Expenses	<u>2,904,012</u>	<u>2,605,279</u>	<u>298,733</u>
Operating Income	<u>(171,019)</u>	<u>(66,312)</u>	<u>(104,707)</u>
Other Income/(Expense)			
Grants	769,068	719,542	49,526 I
Depreciation	(521,023)	(511,519)	(9,504)
Interest Expense	(423,193)	(424,081)	888
Investment Income	309	105	204
Other Income	4,051	13,815	(9,764)
Total Other Income/(Expense)	<u>(170,788)</u>	<u>(202,138)</u>	<u>31,350</u>
Net Income	<u>\$ (341,807)</u>	<u>\$ (268,450)</u>	<u>\$ (73,357)</u>

**Virginia Horse Center Foundation**  
**Explanations for Variances from Prior Year**  
**For the Ten Month Period Ended April 30, 2017**

A – Unrestricted contributions – The increase in unrestricted contributions is the result of Jennifer's efforts to get donors to pledge for three years and Kenny's generosity. After subtracting the forgiveness of \$50,000 in debt in July 2015 and Gardy's donation of her raffle prize, unrestricted contributions were \$192,000 for the ten-month period ended 4/30/16. In fiscal 2017 major gifts, including pledges are \$387,300 of which \$222,600 has been collected. We have received additional unrestricted cash contributions of \$52,573.

B – Restricted contributions – While 2017 restricted contributions are 41% more than in 2016 the donors and their purposes are very different in each of the years. Fiscal 2017 restricted contributions reflect contributions for (1) one NRB debt payment; (2) \$20,000 Trainer's Award established to attract trainers and exhibitors to Saddlebred shows; (3) a 3-year footing pledge for \$75,000 (\$25,000 annually); and, \$111,542 received through 4/30/17 for the Sandy Gerald Memorial Ring. Fiscal 2016 restricted contributions reflect contributions for four NRB debt payments as well as contributions by two board members: \$11,400 for West Avenue Associates; \$5,000 for footing; \$20,000 for the transition fund; and, \$21,000 to fund our initial development efforts. With the death of Steve McBroom we are no longer receiving gifts for NRB debt service. The bank has agreed to use the funds in the escrow account to make the 2017 debt service payments while we work to refinance the debt.

C – Gifts in kind – In prior years gifts in kind were generally recorded at the end of the year for non-monetary gifts such as items donated for prizes and the use of vehicles. However, in March 2016 we recorded a gift in kind for a reduction in the purchase price of the Horse Center van and in June 2016 we began recording a monthly gift in kind for the use of two Kubota tractors. This continued through January when Kubota removed the tractors from the facility. In April 2017 we began recording \$600 per month as a GIK for a local hotel that is providing lodging for John Nicholson in exchange for signage. We will begin recording a GIK for the tractors from Beveridge Tractor in May.

D – Raffle Proceeds – This represents the proceeds from the raffle organized by the Equestriennes in 2015. This was not repeated in 2016-17.

E - Facility Rent – The decrease in facility rent is the result of the US Pony Club and AQHA Shows not returning to VHCF. Their 2015 facility bills were \$43,600 and \$76,752, respectively. The remainder of the decrease is due to less stall revenue for Lexington National, American Saddlebred Association of Virginia and the Andalusian and two Barrel Race shows.

F – Merchandise – The decrease in merchandise sales is due to the timing of LSP and LSE. Most of the stable office revenue is recorded at the end of the two shows due to horses coming for the entire two week period. We expect merchandise revenue to exceed the prior year by the end of May.

G – Facility Operations – The increase is due to the timing and purpose of footing expenses. In the first ten months of fiscal 2016 we spent \$80,000 from deferred maintenance funds for coliseum footing while in the first four months of 2017 we spent approximately \$96,000 related to the Sandy Gerald Memorial project. We spent an additional \$13,000 for other footing purposes in fiscal 2017. The remainder of the difference is due to the offset of the GIK for the rent expense of the Kubota tractors.

H – Events & Show Operations – The primary cause of the significant increase is due to writing checks totaling \$127,000 for contract labor for LSP. In 2016, these checks were written on May 1 so this difference will not exist at the end of May. The portion of the increase that will continue for the rest of this year results from increased prizes for the VA Hunter Championship and \$20,000 for the Trainer Award. The 2015 prize money for the VA Hunter Championship was \$22,950 while in 2016 it increased by \$37,800 to \$60,750. The Trainer Award was a new award in 2016. The VA Hunter Championship sponsorship is a pass through of sponsorship money so has no impact on operating income. The Trainer Award was funded through a restricted contribution.

I – Management & General – Increase is the result of the write off of Roanoke Valley bad debt of \$47,000 in 2017 (we had written off \$7,000 in 2016). This non-recurring expense was offset by Without that write off expenses would have decreased by \$20,400.

J – Grants – The increase is the result of a 4.1% increase in occupancy tax collected allocated to VCHF debt service and an increase of \$20,000 received from the Commonwealth for shared racing commission revenue.

2:11 PM  
 05/11/17  
 Accrual Basis

**Virginia Horse Center Foundation**  
**Profit & Loss**  
 July 2016 through April 2017

	Jul '16 - Apr 17	Jul '15 - Apr 16
<b>Ordinary Income/Expense</b>		
<b>Income</b>		
6000 · Contributions		
6001 · Contributions	410,188.28	156,081.59
6002 · Restricted - Operational	213,926.80	123,748.79
6003 · Restricted - Non Operational	20,000.00	0.00
6004 · Contributions - debt service	14,000.00	52,500.00
6005 · Annual Fund Contributions	40,685.00	101,190.00
6006 · Gifts in Kind	21,040.00	1,500.00
6008 · Permanently Restricted	0.00	50.00
<b>Total 6000 · Contributions</b>	<b>719,840.08</b>	<b>435,070.38</b>
6007 · Raffle proceeds	0.00	50,000.00
6102 · Shared Racing Commission Rev	40,245.65	19,723.27
6103 · Lodging Tax Revenue	728,822.60	699,819.18
6104 · Facility Rent	254,648.41	295,899.70
6105 · Stalls	542,282.75	617,211.00
6106 · Vendors	18,640.00	24,220.00
6107 · Security	64,412.00	91,323.00
6108 · EMT	18,108.00	20,008.50
6109 · Jumps	12,200.00	15,000.00
6111 · Parking Fees	6,380.95	11,010.25
6112 · Ticket Sales	3,977.00	0.00
6113 · Mezzanine Rent	3,775.00	1,655.00
6114 · Pultz House Rental	6,000.00	6,000.00
6115 · Exhibitor Entry Fees	548,559.43	474,836.87
6116 · Sponsorship	133,130.00	93,110.00
6117 · Merchandise Sales	0.36	3,591.37
6118 · Golf Carts	14,239.72	13,340.97
6119 · Camping-Elect & Water	107,702.48	125,314.18
6120 · Camping - Dry	5,800.00	5,953.29
6121 · Early Arrivals	9,460.00	14,022.50
6122 · Layovers	3,760.00	2,140.00
6123 · Straw	873.60	285.35
6125 · Shavings	302,979.22	268,596.33
6126 · Feed	3,017.05	2,545.20
6127 · Hay-Timothy	30,476.20	27,005.94
6128 · Ice	6,664.73	6,868.55
6129 · Commissions	0.00	2,879.00
6130 · Signs & Adverstising	30,187.80	22,229.34
6131 · Stable Management	7,550.00	10,200.00
6132 · Custodial fees	6,250.00	10,925.00
6133 · Copies & copier rental	690.00	3,831.50
6134 · Dumpster fees	5,438.00	8,020.00
6135 · Other show income	36,811.76	45,158.93
6136 · Rules credit	-7,300.00	-6,400.00
6137 · NSF clearing	-592.22	-6,742.91
6139 · Footing	608.09	250.00
6150 · Stable Revenue to be allocated	-51,274.68	10,106.89
6152 · Other merchandise sales	0.00	80.00
6200 · Food Sales	151,537.59	122,146.67
6300 · Fair	0.00	1,337.00
<b>Total Income</b>	<b>3,765,901.57</b>	<b>3,548,572.25</b>
<b>Cost of Goods Sold</b>	<b>263,840.18</b>	<b>290,063.75</b>
<b>Gross Profit</b>	<b>3,502,061.39</b>	<b>3,258,508.50</b>
<b>Expense</b>		
66000 · Payroll Expenses	0.00	0.00
7019 · Hospitality - VHC	249.55	21.27
7020 · Repair & Maintenance	286,252.72	281,246.90
7050 · Rental	54,259.55	54,841.93
7060 · Fuel	16,211.78	20,048.58
7070 · Supplies	63,724.70	66,414.49

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05/11/17

Accrual Basis

**Virginia Horse Center Foundation**  
**Profit & Loss**  
 July 2016 through April 2017

	Jul '16 - Apr 17	Jul '15 - Apr 16
7080 · Uniforms	3,723.63	0.00
7090 · Landfill Fees	6,981.18	8,411.12
7100 · Exterminator	750.00	675.00
7110 · Manure-Trash-Potty	26,664.00	25,574.00
7115 · Other show costs	283.62	0.00
7120 · Contracted Services	500,612.65	295,046.49
7130 · Professional Fees	99,805.77	131,816.72
7200 · Salaries & Wages	985,666.56	951,033.92
7201 · FICA	72,502.56	71,226.32
7203 · SUTA	19,020.88	20,519.71
7204 · Health Insurance	14,104.28	21,079.31
7205 · Disability Insurance	0.00	38.12
7206 · Dental Insurance	2,169.89	3,299.85
7207 · Payroll Processing Fees	5,760.87	6,339.34
7300 · Utilities	193,295.40	190,527.63
7350 · Insurance	47,299.13	53,888.86
7400 · Employee Travel	21,186.73	19,743.21
7420 · Meals & Entertainment	2,558.14	218.72
7450 · Advertising	7,154.20	4,510.62
7460 · Signage-Advertising	2,425.25	1,903.61
7470 · Signage - Other	0.00	2,304.09
7480 · Association Fees	40,832.00	40,733.50
7490 · Prizes	147,203.93	162,991.42
7495 · Ribbons-Awards	31,017.72	0.00
7500 · Show Equipment and Vehicles	0.00	0.00
7510 · Show and Judge Travel	75,307.27	59,444.65
7520 · Hospitality - (non food)	81.17	648.42
7521 · F&B Internal bill	15,287.12	5,802.33
7530 · Printing	20,732.89	20,063.95
7535 · Subscriptions and dues	4,628.32	4,042.43
7536 · Conference Registration	165.00	175.00
7540 · Miscellaneous	616.36	1,998.45
7545 · Other expenses	42.41	200.00
7570 · Postage	7,360.42	8,703.68
7580 · Taxes	2,028.86	798.03
7590 · Fund Raising Expenses	43,256.50	28,150.00
7591 · Cost of bricks	0.00	160.00
7596 · Commissions on advertisings	9,114.53	5,964.22
7598 · Raffle expenses	0.00	15,277.88
7599 · Legal Settlement	0.00	1,000.00
7600 · NSF	0.00	30.00
7610 · Bad Debt Expenses	47,484.50	0.00
7620 · Bank Service Charges	983.56	685.96
7630 · Finance Charges	4,539.19	2,677.77
7631 · Credit Card Processing Fees	10,368.10	9,716.65
7635 · Cash Over & Short	-162.26	-209.61
7636 · Late fees	1,360.75	255.03
7640 · Charitable Contributions	2,925.50	1,684.63
7650 · Licenses and Dues	4,241.80	3,555.20
<b>Total Expense</b>	<b>2,902,078.68</b>	<b>2,605,279.40</b>
<b>Net Ordinary Income</b>	<b>599,982.71</b>	<b>653,229.10</b>
<b>Other Income/Expense</b>		
<b>Other Income</b>	4,359.89	13,920.85
<b>Other Expense</b>		
7700 · Interest	423,192.51	424,081.49
7710 · Depreciation	521,023.30	511,519.30
<b>Total Other Expense</b>	<b>944,215.81</b>	<b>935,600.79</b>
<b>Net Other Income</b>	<b>-939,855.92</b>	<b>-921,679.94</b>
<b>Net Income</b>	<b>-339,873.21</b>	<b>-268,450.84</b>

**Virginia Horse Center Foundation**  
**Statements of Cash Flows**  
**For the Ten Month Period Ended April 30, 2017 and 2016**

	<u>YTD 4/30/17</u>	<u>YTD 4/30/16</u>
<b>OPERATING ACTIVITIES</b>		
Net income	\$ (341,807)	\$ (268,450)
Adjustments to reconcile net income to net cash provided by operations:		
Depreciation and amortization	521,023	511,519
Decrease (increase) in current assets	143,356	39,670
Decrease (increase) in long term pledges	(153,533)	-
Note payable to related party forgiven and recorded as a contribution	-	(50,000)
(Decrease) increase in current liabilities	76,335	(182,083)
Net cash provided by Operating Activities	<u>245,374</u>	<u>50,656</u>
<b>INVESTING ACTIVITIES</b>		
Purchase of fixed assets	(29,214)	(45,765)
Life Insurance proceeds	504,690	-
Net cash used by Investing Activities	<u>475,476</u>	<u>(45,765)</u>
<b>FINANCING ACTIVITIES</b>		
Payment on deferred maintenance loan	(100,000)	-
Proceeds from deferred maintenance loan	-	450,000
Payment on USDA loans	(169,191)	(243,100)
Proceeds from LOC	135,000	145,000
Repayment of LOC	(80,000)	(150,000)
Payments on BB&T Note	-	(7,500)
Payment of financing costs	-	(2,250)
Proceeds from Ford Credit Note	-	37,265
Payments on Ford Credit Note	(5,086)	(3,065)
Payment on NRB notes	(20,034)	(18,962)
Net cash used by Financing Activities	<u>(239,311)</u>	<u>207,388</u>
Net cash decrease for period	481,539	212,279
Cash beginning of period	330,799	184,552
Cash end of period	<u>\$ 812,338</u>	<u>\$ 396,831</u>



Virginia Horse Center Foundation  
Profit & Loss by Job  
July 2016 through April 2017

	4-H Horse Show (2016) 09/15-18	AHA Region 15 - (2016) 07/06-10	AHA Region 15 Horse - Other	Alpaca Classic (2017) 04/01-02	ASHAV (2016) 09/28 - 10/01	Andalusian Eastern Region (2016) 09/02-04	Baroque Equestrian (2016) 10/21-23
Ordinary Income/Expense							
Income	48,350.11	118,331.61	3,808.16	5,820.84	58,825.24	18,509.21	10,275.77
Cost of Goods Sold	0.00	22.40	0.00	4.95	0.00	0.00	0.00
Gross Profit	48,350.11	118,309.21	3,808.16	5,815.89	58,825.24	18,509.21	10,275.77
Expense	10,205.25	13,564.02	0.00	1,522.62	7,086.38	3,249.28	3,104.48
Net Ordinary Income	38,144.86	104,745.19	3,808.16	4,293.27	51,738.86	15,259.93	7,171.29
Other Income/Expense	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Net Income	38,144.86	104,745.19	3,808.16	4,293.27	51,738.86	15,259.93	7,171.29

**Virginia Horse Center Foundation**  
**Profit & Loss by Job**  
July 2016 through April 2017

	Connemara Pony (2016) 08/26-28	Down Under Clinic (2017) 03/24- 26	Dressage at Lexington (2016) 07/15-17	Dressage with a View (2016) 09/03	East Coast Halter Futurity (2016) 09/03	Eastern Arab (2016) 08/04-07	Equestrian Jumper Derby (2017) 01/28
<b>Ordinary Income/Expense</b>							
Income	5,453.95	11,880.16	56,479.99	1,605.43	1,492.06	75,655.39	2,393.57
Cost of Goods Sold	0.00	85.05	1,892.25	0.00	8.10	0.00	0.00
Gross Profit	5,453.95	11,795.11	54,587.74	1,605.43	1,483.96	75,655.39	2,393.57
Expense	1,545.09	2,161.95	9,037.44	1,417.04	1,597.65	9,465.19	839.26
Net Ordinary Income	3,908.86	9,633.16	45,550.30	188.39	-113.69	66,190.20	1,554.31
Other Income/Expense	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Net Income	<b>3,908.86</b>	<b>9,633.16</b>	<b>45,550.30</b>	<b>188.39</b>	<b>-113.69</b>	<b>66,190.20</b>	<b>1,554.31</b>

**Virginia Horse Center Foundation**  
**Profit & Loss by Job**  
**July 2016 through April 2017**

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 05/11/17  
 Accrual Basis

	Equestrian Jumper Derby (2017) 02/11	Equestrian Jumper Derby (2017) 03/18	Extreme Mustang Makeover (2016) 08/25-27	Fairland Ferguson (2016) 10/08	Garden Bros. Circus (2016) 10/19	Glenmore Hunt Pony Club (2016) 09/24	Great Amer. Trail Horse (2017) 04/06 08
<b>Ordinary Income/Expense</b>							
Income	4,237.48	3,694.99	17,269.48	3,926.00	3,500.00	6,127.91	22,421.94
Cost of Goods Sold	0.00	0.00	429.30	0.00	0.00	0.00	40.50
<b>Gross Profit</b>	4,237.48	3,694.99	16,840.18	3,926.00	3,500.00	6,127.91	22,381.44
<b>Expense</b>	664.56	956.39	3,204.34	0.00	500.88	1,753.13	5,039.99
<b>Net Ordinary Income</b>	3,572.92	2,738.60	13,635.84	3,926.00	2,999.12	4,374.78	17,341.45
<b>Other Income/Expense</b>	0.00	0.00	0.00	0.00	0.00	0.00	0.00
<b>Net Income</b>	3,572.92	2,738.60	13,635.84	3,926.00	2,999.12	4,374.78	17,341.45

**Virginia Horse Center Foundation**  
**Profit & Loss by Job**  
**July 2016 through April 2017**

	Hollins Spring Welcome (2017) 03/02-05	House Mtn (2016) 03/12-13	House Mtn (2016) 07/12-13	House Mtn (2016) 10/08-09	House Mtn (2016) 03/11-12	Interscholastic Equest (2017) 04/21-22	Lexington National (2016) 08/10-14
<b>Ordinary Income/Expense</b>							
Income	71,430.09	0.00	35,644.14	33,203.63	21,632.43	31,318.77	390,355.85
Cost of Goods Sold	161.50	0.00	0.00	0.00	12.13	0.00	465.60
<b>Gross Profit</b>	<b>71,268.59</b>	<b>0.00</b>	<b>35,644.14</b>	<b>33,203.63</b>	<b>21,620.30</b>	<b>31,318.77</b>	<b>389,890.25</b>
Expense	12,217.38	390.00	17,959.05	21,212.27	13,168.16	2,690.40	261,181.81
<b>Net Ordinary Income</b>	<b>59,051.21</b>	<b>-390.00</b>	<b>17,685.09</b>	<b>11,991.36</b>	<b>8,452.14</b>	<b>28,628.37</b>	<b>128,708.44</b>
Other Income/Expense	0.00	0.00	0.00	0.00	0.00	0.00	0.00
<b>Net Income</b>	<b>59,051.21</b>	<b>-390.00</b>	<b>17,685.09</b>	<b>11,991.36</b>	<b>8,452.14</b>	<b>28,628.37</b>	<b>128,708.44</b>

**Virginia Horse Center Foundation**  
**Profit & Loss by Job**  
July 2016 through April 2017

	Livestock Conservancy (2017) 04/07-08	Lone Start Rodeo (2017) 02/24-25	Maury River Hunter Pace (2016) 09/4	Maury River Trials (2016) 04/02	Maury River VHSA (2016) 03/19-20	Maury River VHSA (2016) 09/10	Maury River VHSA Show & TB (2016) 6/18-19
Ordinary Income/Expense							
Income	3,266.78	13,810.00	600.00	0.00	0.00	4,643.99	7,264.00
Cost of Goods Sold	48.36	136.90	0.00	0.00	0.00	0.00	0.00
Gross Profit	3,218.42	13,673.10	600.00	0.00	0.00	4,643.99	7,264.00
Expense	1,063.96	4,977.08	311.88	1,068.32	60.00	5,104.60	5,957.41
Net Ordinary Income	2,154.46	8,696.02	288.12	-1,068.32	-60.00	-460.61	1,306.59
Other Income/Expense	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Net Income	2,154.46	8,696.02	288.12	-1,068.32	-60.00	-460.61	1,306.59

**Virginia Horse Center Foundation**  
**Profit & Loss by Job**  
 July 2016 through April 2017

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 Accrual Basis

	Mounted Map - (2016) 09/24	Mounted Map (2016) 10/22	Mounted Map (2017) 04/08	VA State NBHA (2016) 09/23-25	National Barrel/Colonial (2016) 08/18-21	No Bull Barrel Racing (2017) 03/31-04/02	ODRPC Clinic (2017) 01/12
<b>Ordinary Income/Expense</b>							
Income	180.00	90.00	45.00	17,978.88	78,031.12	57,805.57	1,076.92
Cost of Goods Sold	0.00	0.00	0.00	849.65	4,803.30	0.00	0.00
Gross Profit	180.00	90.00	45.00	17,129.23	73,227.82	57,805.57	1,076.92
Expense	0.00	0.00	181.90	2,800.58	9,099.17	7,493.39	0.00
Net Ordinary Income	180.00	90.00	-136.90	14,328.65	64,128.65	50,312.18	1,076.92
Other Income/Expense	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Net Income	180.00	90.00	-136.90	14,328.65	64,128.65	50,312.18	1,076.92

# Virginia Horse Center Foundation

## Profit & Loss by Job

July 2016 through April 2017

	OD Pony Club Dressage Rally(2017)04/21- 23	Old Dominion Saddlebred (2017) 04/21-22	Paso Fino (2016) 07/29-31	Polar Bear I (2017) 02/11	Polar Bear II (2017) 02/25	Region IX Vaulting (2016) 07/01-03	Reynolds-Towell Clinic (2016) 08/22- 23
<b>Ordinary Income/Expense</b>							
Income	6,115.85	9,745.95	19,521.38	12,436.50	12,963.61	12,244.58	6,368.97
Cost of Goods Sold	0.00	0.00	0.00	0.00	0.00	267.10	0.00
<b>Gross Profit</b>	6,115.85	9,745.95	19,521.38	12,436.50	12,963.61	11,977.48	6,368.97
<b>Expense</b>	289.00	289.00	3,766.73	7,837.61	7,210.07	2,852.50	7,273.87
<b>Net Ordinary Income</b>	5,826.85	9,456.95	15,754.65	4,598.89	5,753.54	9,124.98	-904.90
<b>Other Income/Expense</b>	0.00	0.00	0.00	0.00	0.00	0.00	0.00
<b>Net Income</b>	5,826.85	9,456.95	15,754.65	4,598.89	5,753.54	9,124.98	-904.90

**Virginia Horse Center Foundation**  
**Profit & Loss by Job**  
 July 2016 through April 2017

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 Accrual Basis

	Roanoke Valley Horse Show (2017) 6/20-25	Rockbridge Reg Fair (2016) 07/27- 30	Sallie B. Wheeler - (2016) 08/27	SBRAA Lee Jackson Classic (2017) 04/15-16	Southern States Fair (2016) 07/28- 30	Star City Canine (2017) 01/13-15	Star City Canine (2017) 02/16-19
<b>Ordinary Income/Expense</b>							
Income	0.00	10,239.96	1,158.80	14,433.84	17,406.57	8,779.10	7,059.76
Cost of Goods Sold	0.00	0.00	1.60	0.00	3.20	0.00	0.00
<b>Gross Profit</b>	0.00	10,239.96	1,157.20	14,433.84	17,403.37	8,779.10	7,059.76
<b>Expense</b>	1,680.66	17,118.10	9,945.28	2,796.89	10,919.20	2,002.18	1,815.24
<b>Net Ordinary Income</b>	-1,680.66	-6,878.14	-8,788.08	11,636.95	6,484.17	6,776.92	5,244.52
<b>Other Income/Expense</b>	0.00	0.00	0.00	0.00	0.00	0.00	0.00
<b>Net Income</b>	-1,680.66	-6,878.14	-8,788.08	11,636.95	6,484.17	6,776.92	5,244.52



**Virginia Horse Center Foundation**  
**Profit & Loss by Job**  
July 2016 through April 2017

	Stonewall Country I (2017) 01/19-22	Stonewall Country II (2017) 02/03-05	SWVHJA - (2016) 11/04-06	Therapeutic Riding Assoc (2016) 10/22-23	Trimble Ridge (2016) 09/11	Trimble Ridge (2017) 03/18	VA Dressage Association (2016) 10/13-16
<b>Ordinary Income/Expense</b>							
Income	95,323.09	90,759.39	49,500.91	5,188.52	3,958.98	4,960.00	65,682.22
Cost of Goods Sold	97.78	366.63	0.00	437.00	0.00	8.34	16.00
<b>Gross Profit</b>	95,225.31	90,392.76	49,500.91	4,751.52	3,958.98	4,951.66	65,666.22
Expense	55,662.84	53,646.22	9,306.27	918.44	1,203.11	1,323.08	9,826.84
<b>Net Ordinary Income</b>	39,562.47	36,746.54	40,194.64	3,833.08	2,755.87	3,628.58	55,839.38
Other Income/Expense	0.00	0.00	0.00	0.00	0.00	0.00	0.00
<b>Net Income</b>	39,562.47	36,746.54	40,194.64	3,833.08	2,755.87	3,628.58	55,839.38

**Virginia Horse Center Foundation**  
**Profit & Loss by Job**  
July 2016 through April 2017

	VA Hunter Champ (2016) 08/09-10	VA Young Horse Festival (2016) 08/26-27	VA Horse Shows Assoc (2016) 11/10-13	VA Starter Horse Trials (2016) 10/01-02	VA Starter Horse Trials (2017) 04/01-02	Virginia Horse Trials - (2016) 10/27-30	VPHC Color Classic (2016) 09/02-04
Ordinary Income/Expense							
Income	20,771.62	35,088.88	70,248.69	4,868.00	7,066.91	72,123.55	18,057.18
Cost of Goods Sold	0.00	1.60	50.00	0.00	0.00	49.50	81.00
Gross Profit	20,771.62	35,087.28	70,198.69	4,868.00	7,066.91	72,074.05	17,976.18
Expense	327.51	18,925.28	11,017.61	884.47	381.81	11,627.88	3,780.22
Net Ordinary Income	20,444.11	16,162.00	59,181.08	3,983.53	6,685.10	60,446.17	14,195.96
Other Income/Expense	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Net Income	20,444.11	16,162.00	59,181.08	3,983.53	6,685.10	60,446.17	14,195.96

**Virginia Horse Center Foundation**  
**Profit & Loss by Job**  
July 2016 through April 2017

	VPHC Color Spring (2017) 04/16	VQHA Classic (2017) 03/23-26	Winter Tourm (2016) 11/19	Winter Tournament - UPHA (2017) 02/17	Winter Tournament (2017) 01/14	Winter Tournament (2017) 01/28	Winter Tournament (2017) 02/18
<b>Ordinary Income/Expense</b>							
Income	529.29	43,312.60	321.77	994.65	1,316.92	771.86	401.65
Cost of Goods Sold	0.00	5,082.75	0.00	145.80	0.00	48.60	48.60
Gross Profit	529.29	38,229.85	321.77	848.85	1,316.92	723.26	353.05
<b>Expense</b>							
Net Ordinary Income	480.00	5,148.69	121.87	230.00	118.50	106.63	181.63
	49.29	33,081.16	199.90	618.85	1,198.42	616.63	171.42
Other Income/Expense	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Net Income	49.29	33,081.16	199.90	618.85	1,198.42	616.63	171.42