

### FROM THE TREASURER MICHAEL PROULX

**A**EDC can attribute strong fiscal health and a broad menu of lending options to our clients in FY 11 thanks to grants, increased funding, and strategic partnerships.

Two grants have played an important role in making loan funds available to our clients. A CDFI grant for \$750,000 was made available from the Federal Treasury for lending. AEDC applied for, and received, a \$300,000 loan from the SBA for microloans. A Bank of America grant for \$45,000 allowed us to fully fund the loan loss reserve for that SBA fund, making the money immediately available to our borrowers.

In FY11, AEDC saw a \$1.5 million increase from the Headwaters Fund. AEDC also paid off an earlier SBA loan, allowing those funds to be transferred to the AEDC Revolving Loan Fund, resulting in an increase of unrestricted assets.

The value of additional funding sources is beneficial to the

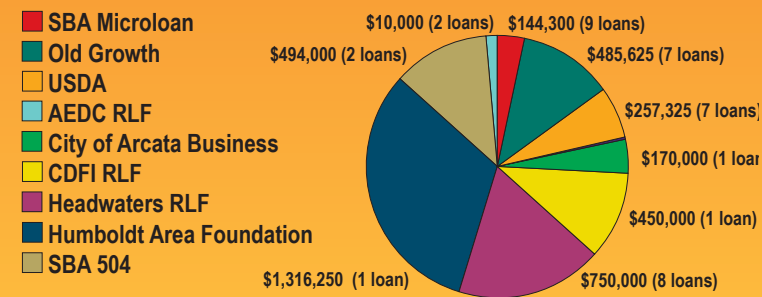
community only if that money is then used to help our small businesses. Half of the additional funds from Headwaters have already been loaned out to the community, and over half have been allocated from the additional CDFI Funds. The bulk of those funds were used to start construction for the Open Door Community Health Center in Eureka. To fund that project, additional monies were also contributed by the Humboldt Area Foundation.

The number of businesses served has increased from 18 to 19 this past year. The loan funds approved in FY11 increased by 46%...from \$2.8 million to \$4.1 million. The funds paid out for approved loans in FY11 totaled approximately 3 million dollars. Our substantial increase in net assets from \$315,818 in FY10 to \$653,041 does not reflect the full benefit of assets from all the approved loans, leaving AEDC in a strong position at the beginning of FY12. Overall, AEDC net assets increased substantially from \$315,818 in FY10 to \$653,041 in FY11.

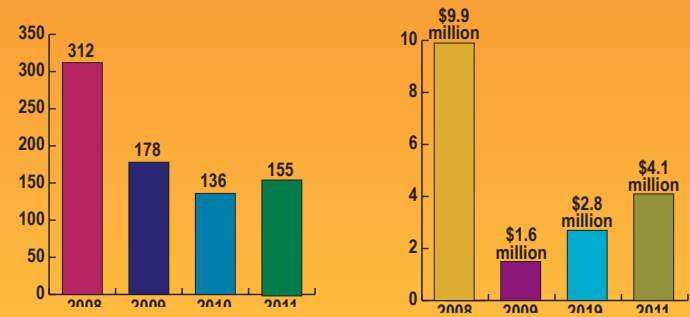
### FY11 FINANCIAL POSITION OPERATIONAL ACTIVITIES

	FY11	FY10	FY09		FY11	FY10	FY09
Current Assets	\$921,527	\$843,875	\$1,369,899	Total Revenue	\$1,156,485	\$950,148	\$803,803
Total Assets	\$6,595,659	\$5,758,996	\$5,644,475	Total Expenses	\$819,262	\$936,604	\$771,127
Current Liabilities	\$817,887	\$407,806	\$782,930	Change in Net Assets	\$337,223	\$13,544	\$32,676
Total Liabilities	\$5,942,618	\$5,443,178	\$5,342,201				
Net Assets	\$653,041	\$315,818	\$302,274				

### LOAN FUNDS APPROVED BY PORTFOLIO



### JOBS CREATED/RETAINED DOLLARS LOANED



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**AEDC** Arcata Economic Development Corporation  
100A Ericson Court Arcata, CA 95521



# Annual Report 2011



ARCATA ECONOMIC DEVELOPMENT CORPORATION

### FROM THE EXECUTIVE DIRECTOR ROSS WELCH

**A**s individuals, organizations and businesses, we are working independently to find our way through our prolonged national economic crisis. As we do that, many of us are as frustrated with the divisiveness we see in our leaders and citizens as we are in the economy. A leader in collaboration, Thomas Stallkamp, said, "The secret is to gang up on the problem, rather than each other." It's a strategy that's working for AEDC.

AEDC has been forging ahead in this current economic environment, supporting our local economy and strengthening our foundation, by building partnerships and exploring new avenues for funding sources that will best serve our community.

Early in FY2011, AEDC received a grant from the U.S. Treasury's Community Development Financial Institution (CDFI) Fund to be used as financial assistance to support our local businesses. We leveraged that grant to access Headwaters Fund dollars, and to develop a new partnership with the Humboldt Area Foundation. Working together, the Open Door Community Health Center was able to break ground on their new Eureka facility.

As part of North Coast Prosperity, AEDC works with economic development

organizations to strengthen our programs and projects and help others with theirs. Projects like our second "Get to Know Your Economic Development Partner" luncheon brought over 50 economic development and community leaders together. Participants shared their missions and organizations' activities in target industries, entrepreneurship start up and expansion, employment development, policy planning, infrastructure and young entrepreneurship.

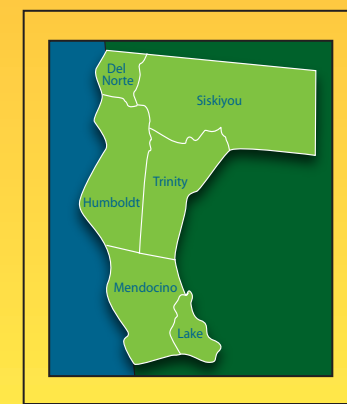
The Prosperity IDA Scholarship, young entrepreneurship programs and small business technical assistance are more impactful with partner support. A successful funding partnership with Wells Fargo for the Prosperity Individual Development Account program led to an invitation to speak on a panel about successful rural funding through CDFI and bank partnerships at the Federal Reserve Bank of San Francisco.

AEDC benefits from collaboration with partners because it allows us to support entrepreneurial business and community endeavors while focusing on finding the funding that provides the best opportunities to our clients. We're working together, thoughtfully and collaboratively, to build a better economy and a better community.



### Mission:

*Providing loans and support to entrepreneurial, innovative business and community endeavors. AEDC provides financing for business opportunities in Del Norte, Humboldt, Mendocino, Lake, Siskiyou and Trinity Counties in Northern California.*



Photos: IDA participant Elizabeth Dunlap of Shivley Farms uses her new truck to get produce to Farmer's Market; Lemon Sunrise Stand won Best Tasting Lemonade in Ferndale (photo by Brandi Easter); the Chamber of Commerce welcomed the new InsuranceMommie.com office in Ukiah.

# Annual Report 2011

## LEMONADE DAY



Kelli Paterson serves lemonade to Eureka Mayor, Frank Jager.

In an effort to support young entrepreneurs, AEDC introduced Lemonade Day to Humboldt County in 2011. Lemonade Day is a free, annual, community-wide educational initiative designed to teach children how to start, own and operate their own business: A lemonade stand.

Lemonade Day is a program of Prepared 4 Life,

a non-profit that provides fun, proactive and experiential programs infused with life skills, character education and entrepreneurship.

Over 400 students registered for Humboldt's first Lemonade Day, resulting in at least 80 stands open on June 4. Through business result forms submitted after the event, this is what we learned:

- An average of 112 cups of lemonade were sold per stand or 8,960 cups of lemonade total
- An average of \$184 was made per stand or \$14,720 total revenue

Financial literacy is an important component to this project. All businesses require some start-up expenses to

begin. Part of the lesson included budgeting, and finding an "investor" to help with those costs. At the end of the day, it was important that the participant repay those expenses to determine their profit, and also to consider the best way to use their profits. This is what we learned:

- 87% of the participants re-paid their start up costs locally; compared to 62% nationally
- 80% of the participants met their sales goals, compared to 71% nationally
- 60% of the participants opened new savings accounts, compared to 28% nationally
- \$41 was the average amount deposited into savings, compared to \$67 nationally
- 80% of the participants donated part of their profit to charity, compared to 68% nationally
- An average of \$52 was donated to charity by participating stands or \$4,160 total donations
- 100% plan to participate in Lemonade Day 2012!



Lemonade Day entrepreneur, Roby Quinionez, donated \$323 to The Good Deeds Project. He and AEDC client, Matt Ruchong, owner of Fat Rat Enterprises were both recognized by Congressman Mike Thompson on Sept. 2 during a 'Good

Deeds' presentation in Fortuna. The project repairs active, and returning, service men and women's vehicles as a thank-you for their service to our country.

## PROSPERITY IDA SCHOLARSHIP



"The more fuel efficient vehicle I purchased with the IDA funds allows me to keep my broad service area, which covers two counties. Without it I would have had to decrease my service area or increase my prices."

— Erica Canevari, Back in Balance Horseshoeing

The Prosperity Individual Development Account Scholarship, designed to help low to moderate income small business entrepreneurs start and expand businesses, completed its fourth year in FY11. It combines business development and financial literacy with a savings/match scholarship. Participants save money while they're participating in the program, and it's matched \$2 for each \$1 saved. In FY2011, AEDC distributed \$24,383 in matching funds to participants, allowing them to purchase \$36,575 in business assets. Since the beginning, AEDC has distributed over \$100,000 in matching business owners to purchase over

\$150,000 in assets.

After receiving a two-year grant in FY11 worth \$100,000 from Wells Fargo, and a second grant from the Department of Health and Human Services for \$91,000, AEDC has been able to expand our program to include a Farm IDA program in Humboldt County; a business program in Mendocino in partnership with the West Company and the Mendo/Lake Federal Credit Union; and a business program in Del Norte County with the North Coast SBDC.

## AEDC Our Partners

- 4-H
- All Dog's Biscuit Bakery
- Arcata Parks & Recreation
- Arcata Pizza & Deli
- Arcata Theater Lounge
- Blue Lake Parks & Recreation
- Blue Ox Millworks
- Boys & Girls Club of the Redwoods
- Brio Breadworks
- Brandi Easter Photography
- Calhoun's Barbecue Sauce
- Cassaro's Catering
- Cities of Arcata, Eureka, Ferndale, and Fortuna
- Coast Central Credit Union
- Community Alliance with Family Farmers
- Consumer Credit Counseling Services
- CR Student Development/ Career Center
- Cypress Grove Chevre
- Decade of Difference
- Department of Health and Human Services
- Drakes Glen Creations
- EDFC of Mendocino County
- Economic Fuel
- Eureka High School DECA Club
- Ferndale Elementary School
- Fire & Light Originals
- First 5 Humboldt
- Fortuna Business Improvement District
- Headwaters Fund
- HSU E Club
- HSU Institute for Entrepreneurship Education
- HSU Office of Economic, Business and CommunityDevelopment
- Humboldt Area Foundation
- Humboldt County Office of Economic Development
- Humboldt Made
- HumSpa
- Jacoby Creek School
- Jessicurl
- KHSU
- KISS FM 99.1 and KMDR 95.1
- Los Bagels
- McLean Foundation
- Mendo/Lake Credit Union
- News Channel 3
- NorCAN
- North Coast Prosperity
- North Coast Small Business Development Center, Humboldt & Del Norte
- Plan It Green
- Redwood Capital Bank
- Re-Prop Financial
- RREDC
- Sacred Grounds Organic Coffee
- Small Business Administration
- Sunny Brae Middle School
- The Job Market
- Trinidad Bay Cream Cheese
- UC Davis Extension
- Umpqua Bank
- US Bank
- U.S. Department of Agriculture
- Wells Fargo
- WEST Company
- Wing Inflatables
- LaDolce Video
- Shasta Young Entrepreneurship Program
- Del Norte Workforce Center



Photo credits: Ferndale Elementary School was one of four schools to participate in Junior Achievement in FY2011, reaching 288 students; Michael Proulx and Ross Welch of AEDC and Deborah Downs and Peter Pennekamp of Humboldt Area Foundation help break ground at the ceremony for the Open Door Community Health Center in Eureka; IDA graduate Sandy Nakashima of Drakes Glen Creations displays custom chocolates

at Spotlight on Success; Surrey on the Fringe is a new business that offers human powered surrey rentals in Ferndale, the Chamber of Commerce welcomed All Dog's Biscuit Bakery's new café Olivia's Beastro in Eureka; and 4-H participant Tavish Kelley squeezes lemons to make his best tasting lemonade in McKinleyville (photo by Brandi Easter).