

LEWIS COUNTY ECONOMIC DEVELOPMENT

MICROENTERPRISE GRANT PROGRAM

Project # 636ME181 -18



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Section 1: PROGRAM GOALS

1.1 Program Objectives

The primary objectives of the Program are to:

- Facilitate the expansion and retention of microenterprise activity in Lewis County
- Create and retain employment opportunities for low- to moderate- income individuals
- Foster entrepreneurship in the following areas:
 - Agribusinesses with a focus on value-added processing
 - Tourism businesses that complement our strengths in outdoor recreation
 - Downtown Revitalization
- Improve New York State homes and communities

1.2 Program Impact

The desired impacts of the program are:

- Improved quality of life and opportunities for low- to moderate- income individuals
- Provide opportunities for business growth and expansion throughout Lewis County
- Increased revitalization of downtown and other priority commercial corridors through additional services with reduced vacancy and blight
- Improved quality of life, culture and tourism through expanded services and recreation opportunities for residents and tourists

Section 2: ELIGIBILITY REQUIREMENTS

2.1 Eligible Applicants

Eligible Applicants are qualified microenterprises whose plans are aligned with the objectives of the Program, particularly those who seek to create or expand business activities that will make job opportunities available for low- to moderate-income workers.

Requirements for eligibility:

The Program Grant Committee will determine an Applicant's eligibility based on the following qualifications:

- Applicant's business is a microenterprise (as such term is defined in Section 102(a)(22) of the Housing and Community Development Act of 1974, as amended), defined as:
- A private for-profit business entity; corporation, partnership, or sole proprietorship that is legal, licensed and operating consisting of five (5) or fewer employees including the owner(s)
 - This includes both part-time and full-time employees
 - One (1) or more of the employees must be the principal and an owner at the time of application
- The principal business activity that will be primarily impacted by the Program financing must be located within Lewis County
- The Applicant's plans are consistent with the objectives of the Program
- The business benefits and will make job opportunities available to low- to moderate-income workers as defined by the United States Department of Housing and Urban Development and consistent with the Federal regulations governing the CDBG program:
 - The owner meets the low- to moderate-income guidelines -OR-

- The business will be creating at least one job to be filled by or made available to someone from a low- to moderate-income household
- Funds will be used pursuant to an eligible activity defined in 2.2
- A minimum amount of 10% owner equity contribution to the project is required. Businesses will be required to provide a minimum amount of 10% owner equity contribution in the form of cash.

2.2 Eligible Activities

Funds must be used for:

- An activity eligible for funding under the CDBG program
 - Inventory
 - Procurement of machinery, furniture, fixtures and equipment
 - Operating capital
- Reimbursement of the cost to attend the entrepreneurial training program
- Activities eligible pursuant to 24 CFR 570.201(o)
- Activities not specifically ineligible pursuant to Section 2.3 of this Plan

2.3 Ineligible Activities

Activities deemed ineligible under the CDBG program include:

- The repayment of existing debt
- Construction, building or other improvements when Davis Bacon and Related Acts must be applied (prevailing wage rate requirements)
- Reimbursement of costs incurred prior to grant award
- Political, lobbying or religious activities
- Advancement of funds

Additionally, the following business activities, as further defined by the U. S. Small Business Administration, may not be assisted with Program financing:

- Speculative activities, defined as a business that derives profits from fluctuations in prices;
- Lending activities, including those conducted by banks, finance companies, factors, leasing companies, insurance companies (but not insurance agents or agencies), and similar firms;
- Pyramid sales plans;
- Gambling activities, and
- Illegal activities

2.4 Eligibility Determination Process

- Applications will initially be reviewed by at least two members of the Program Advisory Committee
- On behalf of the Program Advisory Committee, the Program Administrator will present all applications and findings to the Program Grant Committee for review and formal determination of eligibility.
 - Although a business may meet the definition of a microenterprise based on the number of employees, for the purpose of this program the proposed activity or project the microenterprise is undertaking may not qualify as a microenterprise activity. In that event, the Grant Committee must review the proposed activity to determine if it is an effective use of

NYS CDBG Microenterprise funds. If eligibility is not clear, the Grant Committee will confer with OCR staff when making such a determination.

Section 3: FUNDING CONDITIONS

3.1 Funding Priorities

Funding will be awarded according to the program objectives and desired impacts with priority on agribusiness with a focus on value-added processing, tourism, and downtown revitalization. Microenterprises in one of these priority areas that lacks access to traditional financing and is struggling to start or grow their enterprise is typically a good candidate for this Program. Other types of businesses will be considered.

Grant awards and amounts will be based upon the following priority system:

- 1st Priority – Agribusinesses with a focus on value-added processing, such as dairy, maple, and other agricultural products
- 2nd Priority – Tourism-based businesses that compliment Lewis County's strengths in outdoor recreation and align with the North Country Regional Economic Development strategy to increase the number of visitors to the North Country region.
- 3rd Priority – Businesses that plan to locate within a downtown area, enhancing downtown revitalization efforts.

A minimum of fifty-one percent of the Microenterprise fund will be reserved for start-up businesses, defined as new businesses or those in operation for less than six months.

3.2 Funding Amount

Program assistance must be no greater than the minimum amount necessary to affect the business activity. Funding amount will be based on alignment with program objectives, priority, need and quality of plan. Grants will range from a minimum of \$5,000 to a maximum of 90% of the total project cost, not to exceed \$35,000.

3.3 Funding Terms and Conditions

3.3.1 Financial Conditions

Upon determination of basic eligibility, Applicants must show:

- Project budget is reasonable and financially feasible
 - Project budget will be assessed by Lewis County Economic Development and Grant Committee, along with industry experts as needed to assure that project financials are in line with reasonable industry revenues and expenses and financially feasible
- Other non-federal funding sources that have been sought and that to the extent practicable, CDBG funds will not be a substitute for available non-federal financial support
 - Applicant must show they have sought out traditional financing options as well as loan and grant options available through other programs and Industrial Development Agencies
 - Program grants may be used to assist in securing other forms of financing, but all funding sources must be demonstrated to be committed before final approval

- To the extent practicable, CDBG funds will be disbursed on a pro rata basis with the other financing
- The return on the owner's equity investment will not be unreasonably high

3.3.2 Other Conditions

- The Grantee will require all Applicants for this Program to attend one or more technical assistance (TA) classes offered by a Grantee approved local Small Business Development Center (SBDC) or other local private for profit/nonprofit business development agency.
- Each Applicant must have a letter of recommendation from the local SBDC or approved TA agency which states, at a minimum, that the Applicant has completed or updated a professional business plan, has adequate management capacity and a defined financial management system in place to operate the existing or proposed business successfully.
- Lewis County may require Applicants to provide collateral to ensure compliance with Program requirements and secure grant repayment if requirements are not met. This may include, but not be limited to liens, guarantees, pledges of assets, assignment of life insurance, etc.

3.3.3 Employment Requirements

For the purposes of calculating employment opportunities, the following will apply:

- Only permanent jobs will be counted; temporary and construction jobs will not be counted.
- Jobs of 35 or more hours per week will be considered as one full-time job.
- Part-time permanent jobs of less than 35 hours per week will be converted to full-time equivalent jobs by dividing the number of part-time hours by 40.
- Seasonal jobs will be considered to be permanent jobs if the duration of the working period is long enough to classify the job as the employee's principal occupation.
- Projected employment must be reasonably expected to occur as a direct result of the expanded business activity, and such projection may in no instance extend beyond 24 months from the completion of the financed activities.
- For assistance to start-up microenterprises that are owned by a low- and moderate-income person or persons, any owner of the business will be considered to be an employee if that owner is active in the daily operations of the business. Assistance to existing microenterprises will also be subject to the employment requirements.

3.3.4 Repayment Terms

- Lewis County will require payback of the money if all grant contract terms are not met prior to the end of the grant term. Grant contract terms include, but are not limited to, employment creation objectives and/or training requirements. Lewis County may require and secure collateral to ensure repayment.

4.1 Program Roles

Program oversight will consist of a Program Administrator, the Program Advisory Committee and the Grant Committee. The collective roles will be referred to as Program Administration.

Program Administrator

The Program Administrator will be the recipient of all applications and will be ultimately responsible for the overall guidance and administration of the program. Lewis County Economic Development Office will serve as the sponsor for the project with the Director serving as the Program Administrator. The Director will oversee all program activities and serve as the program coordinator, whose roles may be delegated to the Finance Technical Specialist, as needed.

In addition, the Program Administrator will aid with grant administration services required for successful implementation of the Program, including the following services over a 24-month period:

- Establishing files, books, records, accounts and other materials as required for program start-up and to assure adequate documentation of all program activities and financial matters associated with grant requirements
- Completion of environmental reviews and other activities required to satisfy grant conditions and secure release of funds
- Preparation of detailed program guidelines and other materials as required for implementation
- Preparation of all required grant documents, reporting and drawdown requests to HCR
- General advice and assistance during program implementation to identify problems, analyze alternatives and propose solutions to facilitate smooth operation of the grant program
- Assistance in outreach and marketing to solicit interest in the program among eligible businesses
- Provision of assistance to potential program applicants
- Assembly of applications and accompanying underwriting documents for review by the Program Advisory and Grant Committees; attendance at Program Advisory and Grant Committee meetings
- Follow up communication with all applicants
- Progress monitoring to assure compliance with regulations and satisfactory progress against schedules
- General program oversight and coordination, quarterly reporting, recordkeeping, regulatory compliance and closeout functions. Preparation of appropriate documents for subcontracts, agreements, and recordkeeping; meetings with each sub-recipient as part of sub-grant closings; and the monitoring of job creation.

Program Advisory Committee

The purpose of the Program Advisory Committee (PAC) will be to offer insight on applications for eligibility, program objective, community interest and communication purposes. The PAC will not have a direct role in grant approval, but will advise and present relevant background and initial scoring to the Grant Committee. The PAC will be consulted on an individual or group basis as needed depending on nature of applications.

The PAC will preliminarily be:

- Executive Director, Lewis County Industrial Development Agency
- Staff Member, Lewis County Industrial Development Agency
- Treasurer, County of Lewis
- Representative, Cornell University/Cornell Cooperative Extension
- Business Advisor, Small Business Development Center, SUNY Jefferson

- Director, Lewis County Chamber of Commerce

Grant Committee

The purpose of the Grant Committee (GC) will be to assess and make final decisions regarding grant approvals. The GC will receive applications, recommendations, information and initial scores from the Program Administrator following discussions with Program Advisors and Consultants. The GC will use this information, experience and additional resources as needed to make approval decisions. The GC shall have sole authority to approve Program awards. Such authority shall include the commitment to grant Program funds, amount of funds to be granted, whether training is sufficient and the requisite security for the grant. The GC will meet monthly, or as needed depending on frequency and priority of applications.

The GC will ideally consist of:

- Members of the County of Lewis IDA staff or board
- Local Attorney
- Members of Financial/Banking Community
- Two (2) Community Business Owners or Managers
- Two (2) Community Advisors (knowledgeable member of the community)

The Grant Committee will preliminarily be:

- Kevin Kent – Active Community Member and Retired Commercial Loan Officer – Community Bank
- Emily Philippe – Business Owner, Certified Accountant – Croniser, Lawrence & Phillippe
- Gerald Haenlin – National Grid
- Christie Andrus-Nakano – Owner, The Human Factor
- Gagan Singh – Key Bank, LCIDA Board member
- Shawn Moshier – Morgan Stanley
- Kevin McArdle – Attorney, Campany, McArdle & Randall
- Eric Tupper, Manager, AmeriCU Credit Union
- Jared Thisse – Manager, Lowville Sport & Farm

Section 5: GRANT APPROVALS

5.1 Grant Approval Process

The Grant Approval Process (GAP) will be managed by the Program Administrator as follows:

1. Grant applications will be directed to the Program Administrator. The Program Administrator will give all applications a cursory review for reasonable completion of all information. Incomplete applications will be returned to Applicants for revision.
2. The Administrator will discuss completed applications with members of the PAC to determine appropriateness and priority. If the Program Administrator and PAC determines a project is clearly ineligible or unsuitable, it may choose to table the application, but must inform the GC of this decision and reasoning. If the GC agrees, the application will be denied (Section 4.3).

3. After initial review and discussion, if the Program Administrator believes the application has merit, the application will undergo internal review in performing an underwriting and detailed review of the application:

Project Review

The Program Administrator will review each application to ensure it is sufficient for analysis of the project and appraise the Applicant and project to determine if Applicant and project meet program requirements, whether adequate funding has been sought from other sources, availability of equity, applicant readiness, economic feasibility, and assessment of risk. The Program Administrator will provide an initial score, which may be discussed with program advisors to further determine eligibility. The review will be based on application plan-development meeting(s), application materials, credit check of Applicant and follow-up interviews with Applicants as necessary.

Review Requirements

- The Program Administrator will ensure obtainment of a breakdown of all project costs and that each cost element making up the project be reviewed for reasonableness. Third-party quotes may be used to help determine the reasonableness of cost elements or conduct a cost analysis using appropriate estimating manuals or services.
- The Program Administrator will ensure review of all projected sources of financing necessary to carry out the project to ensure that time and effort is not wasted on assessing a proposal that is not able to proceed. There will be verification that sufficient sources of funds have been identified to finance the project; all participating parties providing those funds have affirmed their intention to make the funds available; and the participating parties have the financial capacity to provide the funds.
- The Program Administrator will ensure a financial underwriting analysis is conducted, including reviews of appropriate projections of revenues, expenses, debt service and returns on equity investments in the project to ensure that CDBG funds will not be used to substantially reduce the amount of non-Federal financial support. Attention will be paid to private debt financing and equity participation to determine if reasonable amounts have been determined. Applicants must therefore demonstrate that all other private and public sources of debt and equity have either been maximized or are inappropriate, unaffordable, or otherwise unavailable. The Program will assist businesses that have been struggling to find private financing, therefore the CDBG funds will not be substituting non-Federal funds.
- The Program Administrator will evaluate the financial viability of the project including all assumptions about market share, sales levels, growth potential, projections of revenue, project expenses and debt service were determined to be realistic and met the project's break-even point. A financially viable project will be expected to project sufficient revenues to provide a reasonable return on equity investment. The experience and capacity of the business owners to manage the business to achieve the projections will be evaluated. Elements will be identified that pose the greatest risks contributing to the project's lack of financial feasibility.
- The Program Administrator will seek to ensure that the owner does not receive more than a reasonable return on investment. The amount, type and terms of the CDBG assistance will be

adjusted to allow the owner a reasonable return on his/her investment given industry rates of return for that investment, local conditions and the risk of the project.

- The Program Administrator will seek to ensure CDBG funds are used on a pro rata basis with other funding sources. Care will be taken not to place CDBG funds at significantly greater risk than non-CDBG funds. Steps will be taken to safeguard CDBG funds in the event of a default, such as insisting on securitizing assets of the project.
- Detailed financial statements, evidence they have sought out traditional financing options as well as options available through other programs, credit checks, and potential collateral will be reviewed if applicable and available.

All applications that meet basic eligibility criteria will be scored on a total 100-point scale in the following categories:

Project Suitability

- Does the Applicant meet the criteria for eligibility (Section 2)?
- Is the project consistent with the objectives of the program?
- Will the project impact the desired outcomes?

Evaluation Criteria

- Applicant Experience and Capacity
 - Does Applicant have any prior experience running a successful business?
 - Has the Applicant met with a business advisor (i.e. SBDC)?
 - Does Applicant demonstrate a clear understanding of what will be required to operate a business?
 - Can the Applicant establish and operate the business sustainably on a financial and personal level?
 - Does Applicant demonstrate a good track record of financial management?
 - Is Applicant willing to undergo the required business training?
- Business Plan
 - Does Applicant have a clearly written and well-researched business plan?
 - Is the business idea tied to a specific market need or just something the Applicant enjoys doing?
 - Has Applicant done any market research to support their plan?
 - Is the budget reasonable and feasible?
 - Have they done due diligence to back up any assumptions?
- Job Creation
 - Can the Applicant show a legitimate need for additional jobs and a plan for job creation?
 - Is the impact on low- to middle- income workers substantiated?
- Need of Funds
 - Does Applicant have cash or other financial resources at their disposal they could use to achieve the goals set forth in their application?
 - Has Applicant been seeking other financing for their project and been turned down?
 - Is this business idea the result of serious planning or the result of economic hardship?

- Use of Funds
 - Can the Applicant demonstrate a legitimate need for machinery, furniture, fixtures and equipment; or inventory purchase clearly tied to ability to start-up or expand?
 - Can the Applicant document the cost?
 - Applicants who submit a vague request for working capital will score lower than those who demonstrate a legitimate need for a concrete purchase that will help them meet their goals.
4. The Program Administrator will conduct any environmental reviews and reports necessary and prepare a written report to be discussed with Program Advisors and shared with the grant committee.
 5. The Program Administrator will discuss findings with Program Advisors and decide on any additional information or recommendations to provide the GC.
 6. The GC will review applications at the next meeting and will receive input from the PAC.
 7. The GC will recommend approval, disapproval or delaying a decision for each application
 - Grant applications may be disapproved by the GC for any reason or reasons that represent a reasonable determination that the approval of the Program application would not meet the objectives of the Program and/or would not represent an appropriate or prudent use of Program funds.
 - In general, decisions should be reasonably based on criteria such as (though not limited to):
 - Eligibility requirements
 - Ability to comply with program requirements
 - Applicant readiness
 - Quality of business plan and concept
 - Reliability and thoroughness of documentation
 - Financial feasibility
 - Availability of other funding options
 - Applicant credit
 - Documentation of need
 8. Once the GC has evaluated the application and determined approval of project, the final approval will go through the LCIDA board. The Board will make a motion to accepted approval, and next steps will be taken in the grant process.

5.2 Grant Disapproval

- Applications can be formally disapproved only by the GC and at its sole discretion
- The Applicant will be notified in writing of the reason(s) for disapproval
- The Applicant has the right to appeal if their application is denied. The appeal must be made in writing to the Grantee. A written response to the appeal will be provided to the applicant by the Grantee within thirty (30) days of receipt of the applicant's appeal letter.
- In a written appeal, the Applicant may request or be given an opportunity to revise their Application for resubmission or be given an opportunity to appear before the GC board. The GC board reserves the right to deny these requests.

Section 6: POST-APPROVAL PROCESS

6.1 Commitment Letter

Within 10 calendar days from approval of a Program grant, a commitment letter shall be sent to the Applicant that includes, at a minimum, the following information:

- The amount of the approved grant, the terms of repayment, and the expiration date of the commitment.
- The required use of the grant funds
- Requirements for collateral and additional security
- Summary information regarding employment requirements
- A listing of conditions and requirements of the Awardee that must be fulfilled precedent to a grant closing
- Any other conditions of the grant
- Any other information that could reasonably be expected to influence the Awardee's decision to accept the terms of the grant commitment

6.2 Grant Closings

The Program Administrator, will have the responsibility to prepare and/or require the preparation of all appropriate closing documents. Such documents will generally include the following:

- A grant agreement that includes a description of the grant terms, appropriate representations and warranties, the conditions of lending, affirmative and negative covenants (including compliance with applicable federal laws and regulations), requirements regarding employment creation and reporting, default provisions, and any other provisions which may be appropriate.
- A note or notes to evidence the indebtedness and the terms of repayment.
- The appropriate documents to evidence and record mortgages, liens, guarantees, and such other security as may be required by the terms of the grant.
- Other appropriate documents as determined by the Program Administrator and/or Program Consultant

6.3 Security

The County Attorney and/or LCIDA Attorney, will be responsible for perfecting all security interests including, where appropriate, the execution of security agreements, the filing of financing statements, the execution and filing of mortgage documents, the execution of guarantees, and any other appropriate actions to adequately protect the County's security interests. Inter-creditor agreements may be executed where appropriate to further protect County's interests and to facilitate the processing of defaults and foreclosures.

6.4 Grant Disbursements

The following guidelines shall generally apply to the disbursement of a Program grant:

The County may request and subsequently disburse grant proceeds from CDBG subject to:

- The Awardee's compliance with the terms and conditions of the grant agreement
- All documents evidencing and securing the grant are confirmed
- The Awardee's completion of the training requirement
- Presentation of vouchers and such evidence satisfactory to the County which represent paid or accrued expenses of the Awardee and which are eligible costs as determined by the County

- The Awardee obtaining of a DUNS number
- Where other debt, equity, or grant funding is to be used in conjunction with the Program financing, such funding must, in the opinion of the County, be firmly committed for such use. Evidence of the commitment(s) must be submitted by the Awardee.
- All required collateral secured
- CDBG Funds are disbursed electronically upon approval of the request for funds submitted. Funds should be available for withdrawal from the Program's CDBG account within 1-2 weeks from request receipt.

6.4 Defaults

In the event the grant recipient goes out of business or goes into defaults on the grant agreement from the date of the award up until the time of grant close-out, the grant will be subject to recapture. The amount to be returned will be based upon years of successful, legitimate operation according to the following schedule:

- Default within One Year – 100% Recapture
- Default within Two Years – 80% Recapture
- Default within Three Years – 60% Recapture
- Default within Four Years – 40% Recapture
- Default within Five Years – 20% Recapture
- Default After Five Years – No Recapture

Section 7: PROGRAM MANAGEMENT

7.1 Program Responsibilities

The Program Administration agrees to:

- Originate microenterprise financial assistance loans and/or grants;
- Market the Program;
- Accept and process applications;
- Complete Income Eligibility qualifications and document an adequate number of employees;
- Underwrite and recommend approval of loans and grants;
- Ensure a timely loan closing and disbursement of funds;
- Maintain loan/grant files and fiscal records;
- Administer state grants and program income used to fund this program;
- Work with program participants and ensure compliance with these program guidelines.

7.2 Equal Opportunity Compliance

This Program will be implemented in ways consistent with the Grantee's commitment to state and federal equal opportunity laws. No person or business shall be excluded from participation in, denied the benefit of, or be subjected to discrimination under any program or activity funded in whole or in part with CDBG program funds on the basis of his or her religion, religious affiliation, age, race, color, ancestry, national origin, sex, marital status, familial status (# or ages of children), physical or mental disability, sexual orientation, or other arbitrary cause.

7.3 Confidentiality

Program Administration and/or any other persons who have access to Program information will respect and maintain the confidentiality of Applicants and Awardees in all aspects and stages of this Program. Any applications, documentation and information shared by Applicants, Awardees or their representatives through the course of this Program are protected information and are not to be shared,

discussed or otherwise disclosed to anyone outside of the Program. Exceptions to this include situations where Applicants, Awardees or the Program Administrator have given express permission or when necessary to speak with representatives of other programs, financial institutions, references or other persons as minimally required to obtain information for decision-making.

7.4 Record Keeping

Program Administration and/or any other persons who have access to Program information will establish and use appropriate systems for record keeping to maintain security, confidentiality and accessibility of Program information for review as needed. In addition, appropriate documents and records associated with Program assistance will be kept for the accounting and collection of Program debt and in a manner consistent with the rules and requirements of the CDBG program and with standard commercial lending policies.

In order to substantiate all expenditures, Program Administration must obtain copies of invoices for inventory or materials purchased, and cancelled checks from the business owners.

Section 8: MARKETING ACTIVITIES

Program marketing will be conducted primarily by the Program Administrator through outreach and presentations to:

- Local media outlets
- Social media
- Chambers of commerce
- Business networks
- Local government networks
- Local government offices
- Local and regional events
- Direct marketing to businesses
- Real estate groups
- Local commercial banks
- SBDC and other business support organizations

The Lewis County Economic Development/IDA office, Development Authority of the North Country, North Country Alliance, Adirondack Economic Development Corporation, local Small Business Development Center (SBDC), and local Chambers will typically be used as a referral agencies.

Section 9: SUPPORT ACTIVITIES

Applicants and Awardees will have access to assistance at all stages of the program through the Program Administrator and available networks.

Direct assistance will be offered for:

- Application preparation
- Business plan preparation
- Brainstorming
- Market research
- Business counseling
- Legal issues
- Taxes, recordkeeping, accounting
- Financing
- Marketing, advertising
- Employee issues

When additional expertise is called for, assistance and referrals will be offered for:

- Business contacts and networks
- Local government contacts
- Workforce development referrals
- Job training programs

Section 10: ENTREPRENEURSHIP TRAINING REQUIREMENT

The Grantee will require all loan applicants for this Program to attend one or more technical assistance (TA) classes offered by a Grantee approved local Small Business Development Center (SBDC) or other local private for profit/nonprofit business development agency. Each applicant must have a letter of recommendation from the local SBDC or approved TA agency which states, at a minimum, that the applicant has completed or updated a professional business plan, has adequate management capacity and a defined financial management system in place to operate the existing or proposed business successfully. The local business development agency will confirm that the business and the owner are both financially sound and possess the capacity to execute the new business plan in order to be successful with the use CDBG funds.

The training requirement must be a classroom-style training that teaches the fundamentals of owning and operating a business. The training program should help entrepreneurs develop business skills. At minimum, the training program should consist of the following elements:

- Developing a business plan
- Legal issues
- Taxes, recordkeeping, accounting
- Financing
- Marketing, advertising
- Employee issues

NYS CDBG Microenterprise training funds cannot be used to subsidize the cost of conducting a training program. **NYS CDBG funds may used to reimburse the microenterprise business owner(s) for participating in an entrepreneurial training course.** Reimbursement will not occur until the owner has successfully completed the course and has been awarded a NYS CDBG Microenterprise grant.

OCR will consider waivers of this requirement when a microenterprise owner can document completion of a similar entrepreneurial course(s) within the past 24 months. Requests for Waivers of the entrepreneurial training requirement must be submitted to the OCR for a determination. Recipients should not proceed with an award until a waiver determination has been issued by the OCR.

A request for a waiver must include the following:

- A review of the business's application for the program,
- A letter from the Program Administrator requesting an exemption and stating why it is merited,
- The resume of the entrepreneur, and
- Proof of the training program(s) completed and certificates received.

10.1 Entrepreneurship Training Course Syllabus

The entrepreneurship-training component of Lewis County's Microenterprise Grant Program will include the following Entrepreneurship Training Program modules, to be taught by certified business advisors. The ETC will be customized to ensure that the eight sessions of training are most relevant to the needs of participants.

Module 1: Introduction to the Course

- Identify the characteristics that are common among successful entrepreneurs

- Define SMART goals
- Introduce the student to their personal credit report and identify potential problem areas
- Determine the most common causes for small business failure

Module 2: Potential Legal Issues and Managing Your Risk

- Discuss the different forms of ownership that are available and their respective taxes
- Define important issues that may arise when deciding to start a business
- Determine potential legal issues that may arise, including government regulations and legislation
- Identify the different types of liability that businesses face and different types of insurance that may be used to minimize particular risks
- Define risk and how you, as a small business owner, may be able to mitigate it

Module 3: Marketing, Promotion & Networking

- Assist entrepreneur in defining target market through market research
- Demonstrate how to create a marketing plan that will cater to target market
- Discuss the different marketing, advertising and public relations strategies available to you
- Demonstrate the importance of creating a strong brand
- Convey the importance of networking and referral marketing
- Illustrate the importance of repeat business

Module 4: "Where's the Cash?"

- Define common financial terms and how to calculate basic financial ratios
- Introduce you to balance sheets, income statements and statements of cash flow
- Develop an understanding of contingency planning and its importance to entrepreneurs
- Introduce the entrepreneur to the important tax compliance procedures regarding business startups

Module 5: Business Plan

- Illustrate the importance of a business plan and identify the most common planning errors associated with a business startup
- Demonstrate the basic outline of a business plan
- Help the entrepreneur to ask the right questions in finding the best location for the business
- Assist in defining the target market
- Determine the business's competitive advantage
- Discuss importance of salaries, wages and benefits
- Determine the difference between employees and independent contractors
- Discuss how to recruit top talent as your managers and/or employees and characteristics that can help lead to success

Module 6: Obtaining Financing

- Illustrate what a banker looks for in loan candidates
- Discuss the different forms of financing that are available to entrepreneurs
- Discuss how your personal credit may affect your ability to receive financing
- Demonstrate how to create a loan proposal

Module 7: Overall Course Evaluation

- Determine next steps in the process beyond this course

- Evaluate online course materials
- Prepare for financing and steps needed to get business started