

**MINUTES – SPECIAL BOARD MEETING  
May 1, 2008**

**Ann Arbor-Ypsilanti SmartZone Local Development Finance Authority**

**City of Ann Arbor, Guy C. Larcom, Jr. Municipal Building, 2<sup>nd</sup> Floor Council Workroom  
100 N. Fifth Ave., Ann Arbor, MI**

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**Members Present:** Mickey Katz-Pek, Michael Reid, Rob Risser, Richard King, Darryl Daniels, Jonnie Bryant, Stephen Rapundalo, Tom Kinnear, Michael Korybalski, Roselyn Zator-Ex-officio, Tom Crawford-Ex-officio

**Members Excused:** None

**Others Present:** Scott Olson-SPARK, Greg Fronizer-SPARK, Kurt Riegger-SPARK, Skip Simms-SPARK, Sandi Bird-City of Ann Arbor-Finance

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**CALL TO ORDER:**

Katz-Pek called the meeting to order at 8:00am. A quorum was present.

**APPROVAL OF THE AGENDA:**

King moved, seconded by Reid, to approve the Agenda for this meeting in the form presented at this meeting. Motion approved unanimously.

**REPORTS FROM SERVICE PROVIDERS:**

**1. Ann Arbor SPARK: Business Accelerator Status Report – 3rd Quarter:**

Kinnear moved, seconded by King, to accept the SPARK Business Accelerator Report for the quarter ended March 31, 2008 in the form presented at this meeting and attached hereto and made a part thereof. After discussion and consideration of the report, motion approved unanimously.

**REPORTS FROM COMMITTEES:**

**1. Approval of the FY 2009 LDFA Budget (Risser):**

Reid moved, seconded by Daniels to amend the following proposed budget items:

- a) Move \$15,872 projected surplus to Unallocated Operating Reserve,
- b) Move \$168,316 projected reserves to Unallocated Prior Year Fund Balance, and

- c) Move \$20,000 Entrepreneurs Boot Camp-Unrestricted Operating Grants expenditure to Entrepreneurs Boot Camp-Tuition Funding Match expenditure line item.

Motion approved unanimously.

Risser moved, seconded by Reid to approve the budget committee recommendation of the FY 2009 LDFA Budget in the form presented at this meeting with the amended changes as discussed and attached hereto and made a part thereof, and forward to the respective municipalities for their approval. Motion approved unanimously.

## **2. Update of FY 2009 LDFA Contract Committee (Kinnear):**

Korybalski moved, seconded by Reid to authorize the Contract Committee to negotiate contract with SPARK and bring draft contract to the June 10, 2008 board meeting in the form reviewed by the LDFA attorney. A special board meeting may be called prior to June 10 for update/discussion on contract progress. Motion approved unanimously.

Reid moved, seconded by Risser to add Michael Korybalski to the Contract Committee. Korybalski abstained from voting. Motion approved unanimously.

## **1. Update of LDFA Ad hoc Review Committee for Angel Network (Korybalski):**

Korybalski presented current status and will update at June 10, 2008 board meeting.

## **OTHER BUSINESS:**

### **1. Conflict of Interest Policy:**

Risser moved, seconded by Korybalski to accept the policy, as amended to exclude the language in Article III, Section 2, "while the determination of a conflict of interest is discussed and voted upon. The remaining board or committee members shall decide if a conflict of interest exists." in the form presented at this meeting with the format changes as discussed and attached hereto and made a part thereof. Motion approved unanimously.

Chair requested board members to return the completed form to Sandi Bird.

### **2. Establishment of FY LDFA Audit Committee:**

Tabled to June 10, 2008 board meeting.

## **MOTION TO ADJOURN:**

Korybalski moved, seconded by Daniels, to adjourn the meeting at 10:10am. Motion approved unanimously.

Respectfully Submitted,

Tom Crawford, Recording Secretary



# LDFA QUARTERLY REPORT

January 1 to March 31, 2008

ann arbor usa

## Q3 Progress Summary

Outline Work Accomplished	88 companies served 443 hours of support provided
Work to be Accomplished	Negotiate 2008-09 budget and contract Finish 4 units of Cantillon
Problem – Real or Anticipated	Activity ramping up from January funds allocation Delay in Cantillon presenter scheduling
Significant Deviation from Scope of Work	None anticipated
Relevant Aspects of Commercialization	
Financial Information in connection with Scope of Work	

# Business Accelerator Services

January 1 – March 31, 2008

Contract Metrics	Phase 1 : Screened Submissions or Referrals to SPARK	Phase 2: Due Diligence Review	Phase 3: Intensive Support
New Firms : Billable Hrs :	30 New Companies Max per Q 2 Average Hours Max per Q	18 New Companies Max per Q 10 Average Hours Max per Q	8 New Companies Max per Q 40 Average Hours Max per Q
Client Firms in Phase	30 companies	26 companies	40 companies
Pre-Existing Client Firms in Phase	2 companies	11 companies	16 companies
Quarterly Program Results for Phase	3 companies advanced to Phase 2 and received Due Diligence Review this quarter.	3 companies advanced to Phase 3 and received Intensive Support this quarter.	0 companies reached the cumulative maximum level of Phase 3 business accelerator services this quarter and graduated out of the program.
<b>Summary</b> Average Hrs : Billable Hrs : Total Cost:	1.3 Average Hours 39.75 Total Hours \$4,969	2.0 Average Hours 51 Total Hours \$6,375	8.8 Average Hours 352.25 Total Hours \$44,031

## Entrepreneur Education

- “Spring Training” for Start-Ups (200-Level Courses)
  - Four-Part Series
    - Corporate Structure & Legal Issues – Feb 19
    - Business Planning – March 5
    - Culture & Values – March 18
    - Elevator Pitch – April 9
  - Entrepreneur focused (not service providers)
- BootCamp April 24-25
  - 15 companies accepted
- Cantillon
  - On track for June 30 completion of remaining units
  - *Growing Sales* unit complete in April
  - *Entrepreneur* unit being recorded
  - *Business Model* unit in development
  - Boot Campers enrolled as part of their acceptance

## SPARK Central

- | Business Incubator  | Business Networking  |
|---|--|
| <ul style="list-style-type: none"><li>• Construction Progress<ul style="list-style-type: none"><li>– Budget on track<ul style="list-style-type: none"><li>• Kitchen complete</li><li>• Restrooms update underway</li><li>• Ceiling completed</li><li>• Light fixtures upgraded</li><li>• Wall under construction</li></ul></li><li>– Timing<ul style="list-style-type: none"><li>• April 25 completion</li><li>• <u>Open House April 29, 4-7 pm</u></li></ul></li></ul></li><li>• Pfizer donations<ul style="list-style-type: none"><li>– 12 workstations/ cubicles</li><li>– Tables, chairs, flex workspaces</li></ul></li></ul> | <ul style="list-style-type: none"><li>• 14 Programs/Events for Entrepreneurs<ul style="list-style-type: none"><li>– 420 entrepreneurs – 61%</li><li>– 692 total attendance</li></ul></li></ul> |

## Progress in Implementing Salesforce

- **Monitoring and tracking business accelerator clients**
  - CRM process within software for tracking
    - Lead – Prospect – Client
  - Use Contract Date in SF for Phase 3 engagements
- **How it ties to contract matrices**

(As discussed in meeting of Jan. 23 with M. Reid, R. Risser, M. Katz-Pek)

- Use SF to control start of contract
  - Client set-up required for “Account” and subsequent “Opportunity”
- Engagement manager to control scope, deliverables
- Client signoff for acceptance of deliverables
- Payment system, control w/in QuickBooks software



## SPARK Processes

- **Documentation of eligibility for services**
  - Primary reliance on client representations
    - “Client’s principal place of business is located in the City of Ann Arbor, or Client agrees to join the SPARK Business Incubator until Client determines where its principal place of business is to be established”
- **How the system ties to invoices**
  - Date of contract for Phase 3 work
  - See SPARK Client Engagement Procedure 02-18-08

# SPARK Report on Network Collaboration

24-Apr-08

#	Staff	Name	Activity
1	MF	AAA Community Foundation	AAA Community Foundation, Cheryl Elliott, Bill Kinley
2	MF	AAACVB	AAACVB Breakfast meeting
3	SO, SS, MF	ACE	Annual celebration of support service orgs and the start-up companies they assisted the previous year
4	SO	Ann Arbor Chamber	Mtw J Bernstein, staff re collaboration
5	SO	Annie Wolock	Mtw Toastmaster re new club serving entrepreneurs
6	SO	Art-EI	Mtw Ari and Scott re early stage business program
7	SO	Bank of Ann Arbor	Mtw M Cole and new venture lending colleague; discuss angel networking
8	SO	BIO National Convention planning	Mtw life science companies re representation at BIO
9	SO	BioArbor	Steering group and finance subcommittee meeting
10	SO	Biotechnology Business Consultants	Mtw M & L Kurek re funding needs, timing, support to entreps
11	SO	Butzel	Mtw M Huguet, D Kurlandsky re newco legal needs
12	MF	Community Fdn of SE MI	Community Foundation of SE Michigan, Mariam Noland
13	MF	Community Success	Community Success Meeting, Tony Vanderworp, Trena Risher
14	SS	Compendia	Celebration to recognize the many organizations that provided help and support for the company
15	SO	CRO Group	Planning luncheon to organize first meeting
16	MF	Cultural Ambassadors	Cultural Ambassadors Meeting
17	SO	D Bloom	Tcw D Bloom re support for tech user groups
18	MF	DDA	Mayor Hieftje, DDA, to identify broad business interest/aversion to recycling and other "green" practices
19	MF	DOE	Gerry Maeder - DOE opportunities
20	SO	Dykema	Mtw T Carroll re company activity, referrals, network
21	MF	EDSCEM	Mtw in Lansing w legislators; Congressional delegation in Washington DC
22	MF, AC	Etcs	Etcs Board Meeting
23	SO	Financial Executives Breakfast	Monthly networking event
24	SO	Highland Jebco	Mtw founders of automotive consultancy
25	SO	Hobbs & Black	Mtw M McFarland, other to discuss potential support for SPARK
26	SO	Huntington Bank	Mtw C Barrett re early stage banking
27	SS	Investor Group	Mtg to discuss investment opportunities and interest
28	SO	Janeeva	Tcw S Culver, R Rajen re Flex user group
29	SO, SS	Jeff Banker	Mtw re deal activity; consulting prospects (w SS)
30	SO	Larry Kerber	Mtw prospective consultant/mentor re background
31	SO, DB, AC	Marketing Roundtable	Monthly networking and content (w Dbloom)
32	SO	Maurer	Mtw owners, tour facilities
33	SO, MF	McKinsey	Mtw D Braga re SPARK support
34	MF	MEDC	CCF sub Committee; Econ Dev Practitioners Council; SEIC Board mtg Michael Psarouthakis
35	MF, AC	MEGA-P	MEGA-P Meeting, WCC
36	SO	MI Life Sci Network	Mtw M Debiak re representation of LS companies at BIO
37	SO	MIED	Warehouse and Consumables Day - networking with participants
38	AC, SO, DB	Mingle & Match	Networking meetings between entrepreneurial talent, experts and startups
39	MF, SS, SO	MVCA	MVCA Board meeting, Roundtable, Legislative Reception, LS Symposium
40	SS, DB	NEF	Mtw N Regan re October presentation

## SPARK Report on Network Collaboration

24-Apr-08

#	Staff	Name	Activity
41	MF	New Economy Initiative	NEI Meetings
42	SS, SO	NextEnergy	AET symposium re incentives and methods for raising capital; netwkg w consultants, angels, entrepreneurs
43	SO	Northern Alliance	Tcw Lori Meeder re incubator and BA lessons
44	SO, DB	Open Coffee Club	Monthly entrepreneurial meeting
45	SO	Optical Society of America	Annual meeting, SPARK presentation and exhibit
46	SO	Paul Dimond	Mtg to discuss local and state activities
47	SO	Paul Kaplan	Angel meeting re early stage investment oppty
48	SO	Pharmacision	Mtw T Marten re pharma resources, projects
49	SO	Rader Fishman	Mtw Charlie Bieneman, J Kamp re startup services
50	SO	Railii Kerppolla	Mtw R Kerppolla re new initiatives
51	SO	Redding	Mtw D Redding re entrep education approaches, contacts, targets
52	SO	Reginald Beasley	Mtw EMU student on entrepreneurial experiences
53	SO	RPM Ventures	Mtw T Grover re RPM 10 initiative
54	SS	SBTDC-ETF	Meeting w/MEDC, BBC, SBAM and SPARK re criteria for new matching fund for SBIR grant recipients
55	SO	SmartZones	Mtw B Mayer, Kettering incubator officials re entrep educ; share best practices
56	SO, AC, DB	SPARK Consultants	Monthly entrepreneurial meeting
57	MF	SPARK East	SPARK East meetings
58	SO, SS	SPARK Mentors	Lunch mtw mentors for referral to startups
59	SO	Spring Training	Entrepreneurial Education course
60	SO	SRT Solutions	Mtw founders re tech community user groups
61	SO	Tec-Ed	Mtw Barbra Wells re company support
62	SS, EP	TechTown	Mtw G Azrak re collaborative deal evaluation opportunities
63	SS	Trends in M&A	Presentation event for updates on exit market and strategies for early stage companies
64	MF	U-M	U-M Development Community Industry Strategy Grp Mtg; U-M Distinguished Innovator Series
65	SO	U-M Prof Jackson	Mtw Jackson, M Parnes, student re longitudinal study of entrep
66	SO	U-M Tech Transfer	Project pipeline review w A McColm
67	MF	URC	University Research Corridor meeting
68	SO, MF	US Commerce Department	Mtw Sec Baruah re incubator network
69	MF, AC, SS, SO	Washtenaw Co	Eastern Leaders Group; municipal leaders meeting
70	MF	Wolverine Caucus	Wolverine Caucus Forum, Lansing
71	SO	WorkNet Systems	Mtw D Jeffery re services to entrepreneurs
72	SO, SS, AC	Zeil-Lurie	Business plan competitions; MI Entrep Challenge Judging
AC		Amy Cell	
DB		David Bloom	
MF		Mike Finney	
SO		Scott Olson	
SS		Skip Simms	

# LDFA Budget Finance Committee

		<b>2008 - 2009</b>	
		<b>Recommended</b>	
		<b>Budget</b>	
<u>Revenue</u>			
	Tax Revenue	\$	950,492
	Cantillon Revenue	\$	-
	Investment Income	\$	-
	<b>Total Revenue</b>	<b>\$</b>	<b>950,492</b>
<u>Expenditures</u>			
<b>Business Accelerator Consulting (1)</b>			
	Collaboration Networking	\$	-
	SPARK Business Accelerator Staffing	\$	157,000
	SPARK Accounting	\$	43,000
	Phase I - Screening	\$	-
	Phase II - Due Diligence	\$	44,000
	Phase III - Intensive Service	\$	334,000
	Sub-Total	\$	578,000
<b>Business Networking</b>			
	Hosted Events	\$	19,200
	Sponsorships/Partnered Events	\$	24,000
	Sub-Total	\$	43,200
<b>Entrepreneur Education</b>			
<b>Entrepreneurs Boot Camp (2)</b>			
	Monthly Classes	\$	20,700
	Unrestricted Operating Grants	\$	20,000
	Tuition Funding Match	\$	20,000
	Sub-Total	\$	60,700
<b>Cantillon Web Based Education (4)</b>			
	Maintenance	\$	-
	Admin & Training	\$	14,400
	Support & Marketing	\$	4,000
	Development	\$	36,000
	Sub-Total	\$	54,400
<b>SPARK Central Incubator Operating Exp(3)</b>			
	Rent revenues	\$	(47,400)
	Lease Subsidy	\$	79,332
	Administrative Support	\$	52,920
	Utilities	\$	12,800
	Maintenance	\$	8,000
	ISP	\$	12,768
	Advertising & Promotion	\$	-
	Insurance	\$	2,000
	Sub-Total	\$	120,420
<b>Marketing Campaign (5)</b>			
	Public Relations	\$	30,000
	Collateral Printing	\$	6,000
	Website Expenses	\$	14,400
	Sub-Total	\$	50,400
<b>LDFA Administrative</b>			
	LDFA Legal Services	\$	10,000
	LDFA Audit & Accounting	\$	10,000
	LDFA Administrative	\$	7,500
	Sub-Total	\$	27,500
	<b>Total Operating Expenditures</b>	<b>\$</b>	<b>934,620</b>
<b>Capital Expenditures</b>			
	SARK Central Incubator Renovations	\$	-
	SARK Central Incubator Shared Equipment	\$	-
	Sub-Total	\$	-
<b>Reserves</b>			
	Unallocated Operating Reserve	\$	15,872
	Unallocated Prior Year Fund Balance	\$	168,316
	Sub-Total	\$	184,188
	<b>Total Expenditures</b>	<b>\$</b>	<b>1,118,808</b>

**LDFA Budget Committee  
Budget Detail Analysis**

**LDFA  
Budget Analysis  
From 7-1-08 through 6-30-09**

Revenue	FY 2008		FY09 Budget	% Increase/ -decrease	COMMENTS
	Actual/	Fcst*			
Tax Revenue	\$ 728,730		\$ 950,492		
Cantillon Revenue	\$ 5,000		\$ -		
Investment Income	\$ 18,412		\$ -		
<b>Total Revenue</b>	<b>\$ 752,142</b>		<b>\$ 950,492</b>	<b>26%</b>	
<b>Expenditures</b>					
<b>Business Accelerator Consulting (1)</b>					
Collaboration Networking	\$ 60,000		\$ -		
SPARK Business Accelerator Staffing	\$ 157,000		\$ 157,000		Represents 4 Staff (2 BA staff at 40% of the time & 2 Marketing at 33%) Avg annual salary/ staff of \$ 85,394
SPARK Accounting	\$ 43,000		\$ 43,000		Represents 2 Accounting Staff ( at 25% ) Avg annual salary/ staff of 68,800.00
Phase I - Screening	\$ 23,688		\$ -		
Phase II - Due Diligence	\$ 36,750		\$ 44,000		
Phase III - Intensive Service	\$ 287,096		\$ 334,000		
<b>Sub-Total</b>	<b>\$ 407,534</b>		<b>\$ 578,000</b>	<b>42%</b>	
<b>Business Networking</b>					
Hosted Events	\$ 19,200		\$ 19,200		
Sponsorships/Partnered Events	\$ 25,000		\$ 24,000		
<b>Sub-Total</b>	<b>\$ 25,000</b>		<b>\$ 43,200</b>	<b>73%</b>	
<b>Entrepreneur Education</b>					
<b>Entrepreneurs Boot Camp (2)</b>					
Monthly Classes	\$ 20,700		\$ 20,700		
Unrestricted Operating Grants	\$ 20,000		\$ 20,000		
Tuition Funding Match	\$ 20,000		\$ 20,000		
<b>Sub-Total</b>	<b>\$ 40,000</b>		<b>\$ 60,700</b>	<b>52%</b>	
<b>Cantillon Web Based Education (4)</b>					
Maintenance	\$ 6,265		\$ -		
Admin & Training	\$ 5,000		\$ 14,400		
Support & Marketing	\$ 60,000		\$ 4,000		
Development	\$ 71,265		\$ 36,000		
<b>Sub-Total</b>	<b>\$ 71,265</b>		<b>\$ 54,400</b>	<b>-24%</b>	
<b>SPARK Central Incubator Operating Exp(3)</b>					
<b>Rent revenues</b>					
Lease Subsidy	\$ 59,150		\$ (47,400)		
Administrative Support	\$ 31,599		\$ 79,332		
Utilities	\$ 11,014		\$ 52,920		
Maintenance	\$ 4,526		\$ 12,600		
ISP	\$ 2,412		\$ 8,000		
Advertising & Promotion	\$ 9,000		\$ 12,768		
Insurance	\$ 1,160		\$ 9,000		
<b>Sub-Total</b>	<b>\$ 118,861</b>		<b>\$ 2,000</b>	<b>1%</b>	
<b>Hours of acceleration consulting for FY</b>					
FY08 Talent included in Phase III					
Hours of acceleration consulting for FY					
Hours of acceleration consulting for FY Consultants					
Staff (per Scott and Greg)					
Total					
3,760					
1,240					
5,020					
600 phase I and 440 phase II and 200 talent hrs					
81% increase in consulting hours					

**LDFA Budget Committee  
Budget Detail Analysis**

<b>Marketing Campaign (5)</b>			
Public Relations	\$ -	\$ 30,000	
Collateral Printing	\$ -	\$ 6,000	
Website Expenses	\$ -	\$ 14,400	
Sub-Total	\$ 70,500	\$ 50,400	-29%
<b>LDFA Administrative</b>			
LDFA Legal Services	\$ 9,244	\$ 10,000	
LDFA Audit & Accounting	\$ -	\$ 10,000	
LDFA Administrative	\$ -	\$ 7,500	
Sub-Total	\$ 9,244	\$ 27,500	197%
Total Operating Expenditures	\$ 742,404	\$ 934,620	26%
<b>Capital Expenditures</b>			
SARK Central Incubator Renovations	\$ 85,098	\$ -	
SARK Central Incubator Shared Equipment	\$ 44,913	\$ -	
Sub-Total	\$ 130,011	\$ -	
Total Expenditures	\$ 872,415	\$ 934,620	
<b>FY Surplus/(Deficit)</b>		<u>\$ (120,273)</u>	<u>\$ 15,872</u>
<b>Reserves for Contingency</b>			
Beginning of Year	\$ 288,569	\$ 168,316	
Loan to SPARK (interest free)	\$ -	\$ -	
FY Surplus/(Deficit)	\$ (120,273)	\$ 15,872	
End of Year	\$ 168,316	\$ 184,188	

2008 Amended Budget

	ACTUALS				ACTUALS				FORECAST				Forecast (Over)/Under	
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4		Amount
<b>Revenues</b>														
Tax Revenue	\$ 431,533	\$ 182,183	\$ 113,961	\$ 1,053					\$ 728,730				\$ 770,000	\$ (41,270)
Accumulated Fund Balance	\$ 288,589	\$ -	\$ -	\$ -					\$ 288,589				\$ 297,000	\$ (8,411)
Cantillon Revenue	\$ -	\$ -	\$ 5,000	\$ -					\$ 5,000				\$ -	\$ 5,000
Investment Income	\$ 4,376	\$ 3,000	\$ 2,000	\$ 9,036					\$ 18,412				\$ -	\$ 18,412
	\$ 724,498	\$ 185,183	\$ 120,961	\$ 10,089					\$ 1,040,731				\$ 1,067,000	\$ (26,269)
<b>Expenditures</b>														
BA: Collaboration Networking	1.1.4	\$ 15,000	\$ 15,000	\$ 15,000	\$ 15,000				\$ 60,000				\$ 60,000	\$ -
BA: Phase I - Screening	1.1.1	\$ 7,875	\$ 4,844	\$ 4,969	\$ 6,000				\$ 23,688				\$ 24,719	\$ 1,032
BA: Phase II - Due Diligence	1.1.2	\$ 12,188	\$ 3,188	\$ 6,375	\$ 15,000				\$ 36,750				\$ 45,375	\$ 8,625
BA: Phase III - Intensive Service	1.1.3	\$ 126,138	\$ 29,428	\$ 44,031	\$ 87,500				\$ 287,096				\$ 329,906	\$ 42,810
BC: Unrestricted Operating Grants	3.2.1	\$ 10,000	\$ -	\$ 10,000	\$ -				\$ 20,000				\$ 20,000	\$ -
BC: Tuition Funding Match	3.2.2	\$ 10,000	\$ -	\$ -	\$ 10,000				\$ 20,000				\$ 20,000	\$ -
BI: Lease Subsidy	1.5.1	\$ -	\$ 19,467	\$ 19,833	\$ 19,850				\$ 59,150				\$ 59,150	\$ -
BI: Administrative Support	1.5.2	\$ -	\$ 9,151	\$ 11,098	\$ 11,350				\$ 31,589				\$ 31,828	\$ 229
BI: Utilities	1.5.3	\$ -	\$ 2,349	\$ 3,256	\$ 5,409				\$ 11,013				\$ 12,000	\$ 987
BI: Maintenance	1.5.4	\$ -	\$ 2,311	\$ 1,730	\$ 485				\$ 4,526				\$ 4,000	\$ (526)
BI: ISP	1.5.5	\$ -	\$ 860	\$ 602	\$ 950				\$ 2,412				\$ 3,309	\$ 897
BI: Advertising & Promotion	1.5.6	\$ -	\$ -	\$ -	\$ 9,000				\$ 9,000				\$ 9,000	\$ -
BI: Insurance	1.5.7	\$ -	\$ 1,160	\$ -	\$ -				\$ 1,160				\$ 1,380	\$ 220
BI: Renovations	1.5.8	\$ -	\$ -	\$ 48,631	\$ 36,468				\$ 85,098				\$ 85,000	\$ (98)
BI: Shared Equipment Purchase	1.4.5	\$ -	\$ -	\$ 15,000	\$ 29,913				\$ 44,913				\$ 44,913	\$ -
Cantillon: Maintenance	1.4.4	\$ 1,250	\$ -	\$ -	\$ 3,750				\$ -				\$ 20,000	\$ 20,000
Cantillon: Support	1.4.4	\$ -	\$ -	\$ -	\$ 48,000				\$ 5,000				\$ 5,000	\$ -
Cantillon: Development	1.4.1	\$ -	\$ -	\$ 12,000	\$ 48,000				\$ 60,000				\$ 60,000	\$ -
Cantillon: Marketing	2.1.1	\$ -	\$ -	\$ -	\$ 6,265				\$ 6,265				\$ 6,265	\$ -
Marketing: Public Relations	2.1.1	\$ -	\$ -	\$ -	\$ -				\$ -				\$ 30,000	\$ 30,000
Marketing: Collateral Printing	2.1.2	\$ -	\$ -	\$ -	\$ -				\$ -				\$ 22,500	\$ 22,500
Marketing: Websites Expenses	2.1.3	\$ -	\$ -	\$ -	\$ -				\$ -				\$ 18,000	\$ 18,000
Marketing: Sub-Total	3.3.1	\$ -	\$ -	\$ 48,304	\$ 22,196				\$ 70,500				\$ -	\$ (70,500)
Events: Sponsorship		\$ -	\$ 14,000	\$ 7,000	\$ 4,000				\$ 25,000				\$ 25,000	\$ -
LDFA: Legal Services & Audit		\$ 578	\$ 111	\$ 1,055	\$ 7,500				\$ 9,244				\$ 10,000	\$ 756
LDFA: Best Practice Consulting		\$ -	\$ -	\$ -	\$ -				\$ -				\$ 9,000	\$ 9,000
<b>Total Allocated Expenditures</b>		\$ 183,028	\$ 101,868	\$ 248,883	\$ 338,636				\$ 872,415				\$ 956,345	\$ 83,931
<b>Unallocated Expenditures</b>		\$ -	\$ -	\$ -	\$ -				\$ -				\$ (20,080)	\$ -
Unallocated Operating Contingency		\$ -	\$ -	\$ -	\$ -				\$ -				\$ 130,735	\$ -
Unallocated Fund Balance		\$ -	\$ -	\$ -	\$ -				\$ -				\$ 110,655	\$ -
Sub-Total		\$ -	\$ -	\$ -	\$ -				\$ -				\$ 110,655	\$ 57,661
<b>TOTAL EXPENDITURES</b>													\$ 1,067,000	\$ 168,316

\* BLUE - Denotes Capital Expenditure Item

Budget reduced \$115,000 @ 1/15 Board Meeting.

Budget increased \$10K @ 1/15 Board Meeting & reduced

\$6,265 @ 3/11 Board Meeting

PROJECTED FUND BALANCE CARRY-FORWARD

Copy of LDFA 2009 Budget Working Papers v9 April 29 2008.xls  
Fund Balance Summary

# L DFA Budget Committee Year over Year Budget Analysis

Time Based Analysis							
Phase I - Screening (hours)		Phase II - Diligence (Hours)		Talent Assistance (hours)		Phase III - Consulting (hours)	Total Time
Fixed #	Variable	Fixed #	Variable	Fixed #	Variable	Fixed #	Variable
0	189.5	0	294	0	0	0	2296.77
600	0	440	440	200	0	0	3340
217%		199%		NA		45%	
						81%	

2007-2008 Fiscal Year (Projected thru 6/30/08)  
2008-2009 Fiscal Year (Budgeted Amounts)  
% Change from Prior Year

**Scenario A**  
Demand @ 95% of Budget  
% Change from Prior Year

Fixed #	Variable	Fixed #	Variable	Fixed #	Variable	Fixed #	Variable
600	0	440	418	200	0	0	3173
217%		192%		NA		38%	
						74%	

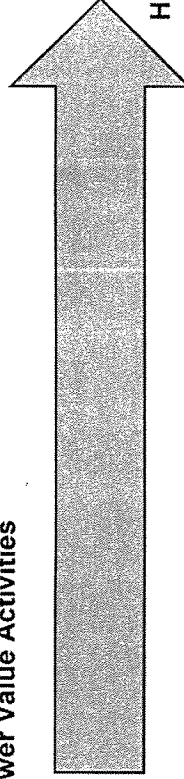
**Scenario B**  
Demand @ 85% of Budget Projections  
% Change from Prior Year

Fixed #	Variable	Fixed #	Variable	Fixed #	Variable	Fixed #	Variable
600	0	440	374	200	0	0	2839
217%		177%		NA		24%	
						60%	

**Scenario C**  
Demand @ 75% of Budget Projections  
% Change from Prior Year

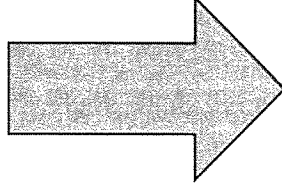
Fixed #	Variable	Fixed #	Variable	Fixed #	Variable	Fixed #	Variable
600	0	440	330	200	0	0	2505
217%		162%		NA		9%	
						47%	

Lower Value Activities



Higher Value Activities

If the number of  
Total BA Service Hours  
fails to keep pace  
with the number of  
service hours planned  
for in the 2008-09 budget...



...there is a  
disproportionate decline  
in the number of high  
value services being  
delivered to the LDFA  
in a contract regime that  
includes a high allocation  
towards fixed costs.

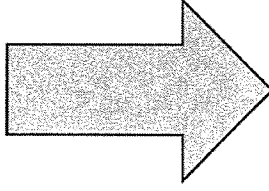


# L DFA Budget Committee Year over Year Budget Analysis

Cost Analysis				
Pro-Rate Accounting	Other Fixed BA Costs	Total BA Costs	Base Hourly Charge	Fully Loaded Hourly Charge
\$ -	\$ 60,000	\$ 407,534	\$ 125.00	\$ 146.58
\$ 22,986	\$ 53,000	\$ 577,986	\$ 100.00	\$ 115.14
		<b>41.83%</b>		<b>-21.45%</b>

In a contract regime skewed towards a heavy fixed cost allocation, a fully

loaded hourly charge of \$115.14 represents the BEST CASE Scenario



This occurs because fixed costs must be distributed over a small number of billable hours, thus driving the unit costs higher in the event an 81% increase in the projected number of service hours proves overly optimistic.

2007-2008 Fiscal Year (Projected thru 6/30/08)  
2008-2009 Fiscal Year (Budgeted Amounts)  
% Change from Prior Year

**Scenario A**  
Demand @ 95% of Budget  
% Change from Prior Year

\$ 22,986 \$ 53,000 \$ 559,086 \$ 100.00 \$ 115.73  
37.19% -21.05%

**Scenario B**  
Demand @ 85% of Budget Projections  
% Change from Prior Year

\$ 22,986 \$ 53,000 \$ 521,286 \$ 100.00 \$ 117.06  
27.91% -20.14%

**Scenario C**  
Demand @ 75% of Budget Projections  
% Change from Prior Year

\$ 22,986 \$ 53,000 \$ 483,486 \$ 100.00 \$ 118.65  
18.64% -19.06%

Note: This analysis assumes the \$43,000 in accounting charges, as listed in the recommended budget are allocated across LDFA funded activities in proportion to their contribution to the budget as a whole. Internal LDFA costs are excluded from this accounting charge. The result is to reduce the accounting burden to the Business Accelerator by \$20,014 to \$22,986.