

Financing a Childcare Business

July 23, 2024



Christine Kriz

540-868-7094

laurelridgesbdc.org



Our Agenda



Agenda:

9:30AM-9:40AM	Introduction/Welcome	Christine Kriz
9:40AM-10:40AM	VSBA Program	Karen White
10:40AM-11AM	VA Childcare Aware	Misty Jewell
11-11:10AM	SCCF Loan Program	Ryan Hall
11:10-11:20AM	People Inc. Loan Program	Leslie Currle
11:20-11:50AM	The Tee Spot Success Story	Tiarra Dawson
11:50-12PM	Wrap Up/Next Steps	Christine Kriz

Probatunity!!

ACTION PLAN			
WHO	WHAT	WHEN	HOW

- Shortage of childcare facilities in the Northern Shenandoah Valley
- Large employers are expressing this is one cause of labor shortage.
- Initiative by SBDC, Economic Development, and Chambers to bring large and small businesses together to help solve this problem.

Virginia Small Business Financing Authority

Laurel Ridge Small Business Development Center

Positioning Your Business to Successfully Access Capital

July 23, 2024

Executive Director

➤ *Joe Shearin*

Regional Lending Manager

➤ *Karen White*



HOW WE CREATE VALUE

Aligned with the Department of Small Business and Supplier Diversity, the Virginia Small Business Financing Authority (VSBFA) is the business and economic development financing engine for small businesses in the Commonwealth.

- We **make direct loans** to small businesses, not-for-profits and economic development authorities to spur economic growth and expansion
- We **partner with banks** to assist them in making loans to small businesses through guaranty and participation programs
- Support the **growth** of small businesses, **job creation** and **job retention**



What is a Small Business?

An eligible business defined by the Code of VA §2.2-2279 in the Commonwealth must satisfy at least one of the following:

- ✓ For-profit enterprise
 - Less than \$10 million in gross annual revenue
 - Fewer than 250 employees
 - A net worth of \$2 million or less
- ✓ A not-for-profit entity under §501c3 of the Internal Revenue Code

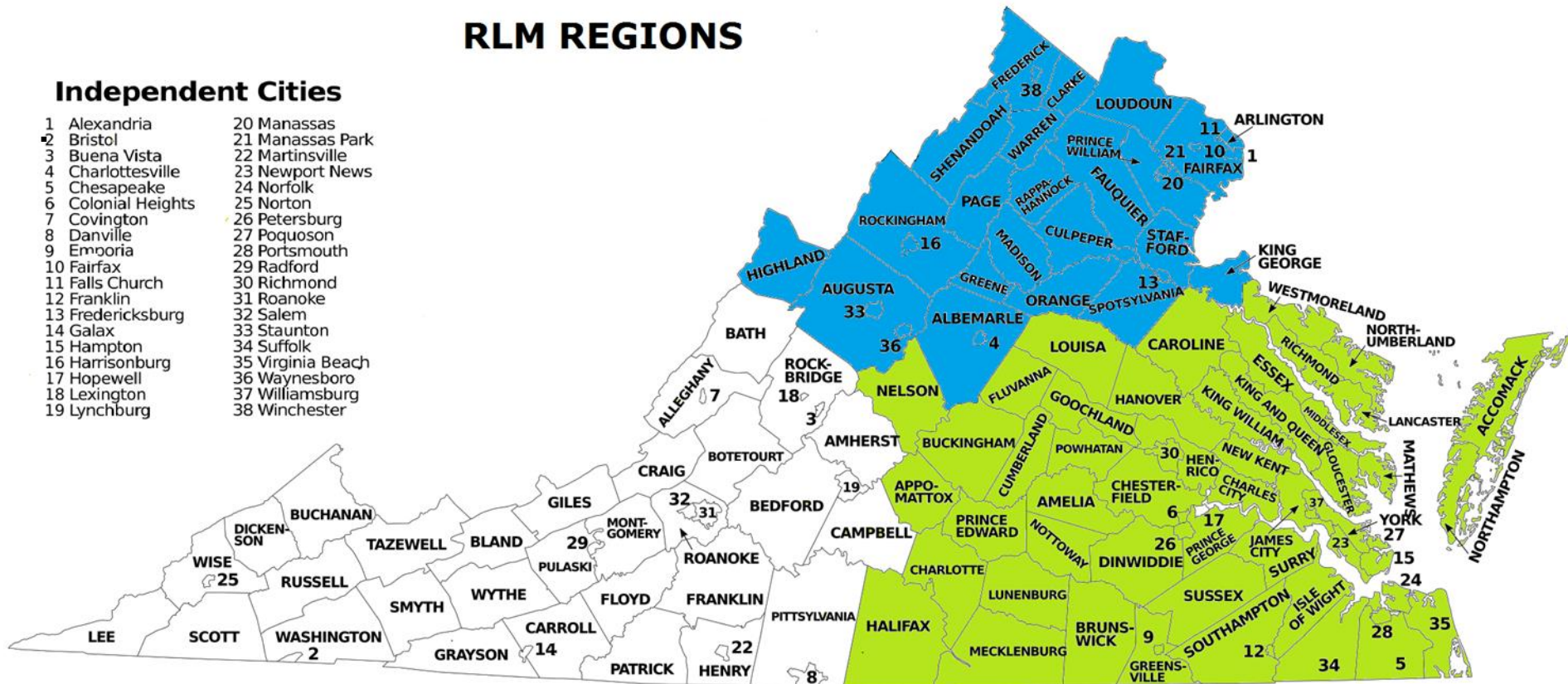


Regional Lending Manager Service Area

RLM REGIONS

Independent Cities

- | | |
|--------------------|-------------------|
| 1 Alexandria | 20 Manassas |
| 2 Bristol | 21 Manassas Park |
| 3 Buena Vista | 22 Martinsville |
| 4 Charlottesville | 23 Newport News |
| 5 Chesapeake | 24 Norfolk |
| 6 Colonial Heights | 25 Norton |
| 7 Covington | 26 Petersburg |
| 8 Danville | 27 Poquoson |
| 9 Emporia | 28 Portsmouth |
| 10 Fairfax | 29 Radford |
| 11 Falls Church | 30 Richmond |
| 12 Franklin | 31 Roanoke |
| 13 Fredericksburg | 32 Salem |
| 14 Galax | 33 Staunton |
| 15 Hampton | 34 Suffolk |
| 16 Harrisonburg | 35 Virginia Beach |
| 17 Hopewell | 36 Waynesboro |
| 18 Lexington | 37 Williamsburg |
| 19 Lynchburg | 38 Winchester |



Region I Southwest (SW)
Linda Tackett - 540-492-0493

Region II Central (C)
Terrance Rogers

Region III Northern Virginia (NV)
Donald Jacobec

Karen White - Region I, II, & III



Objectives:

Overview of Direct Loan Programs

- **Microloan Program**
- **Child Care Financing Program**
- **Economic Development Loan Fund**

Overview of Credit Support Programs

- **Loan Guaranty**
- **Cash Collateral**



Virginia Small Business Financing Authority

DIRECT LOAN PROGRAMS

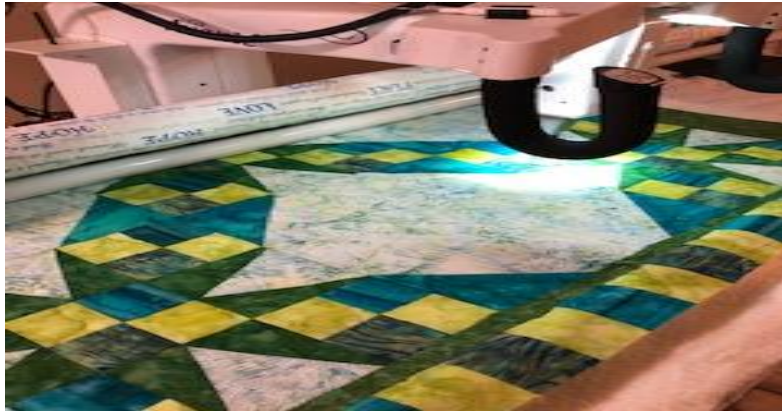


Microloan Program

Program Highlights	Microloan
Loan Amounts	<ul style="list-style-type: none">Loans from \$5,000 up to \$150,000 for Small Businesses
Eligible Applicants	<ul style="list-style-type: none">Small Business as defined under the Commonwealth of VABusinesses in operation less than year; including start-upsBusiness counseling required for loans greater than \$10,000
Fees	<ul style="list-style-type: none">May apply (currently waived)
Terms and Conditions	<ul style="list-style-type: none">Unsecured up to 5 yearsSecured up to 7 years
Interest Rates	<ul style="list-style-type: none">Fixed – 5.5%Veteran owned business – 3%
Eligible/ Ineligible Uses:	<p>YES: Fixed assets, machinery & equipment, and general working capital</p> <p>NO: Debt refinance, real estate, passive investments, stock purchase, goodwill</p>



Microloans - Success Stories



Child Care Financing Program

Program Highlights	Child Care Center	Family Home Provider
Loan Amounts	• Loans up to \$250,000	• Loans up to \$25,000
Eligible Applicants	<ul style="list-style-type: none"> • Licensed by Virginia Department of Education (VDOE) • Certified by VDOE (preschool only) • Religious-exempt 	<ul style="list-style-type: none"> • Licensed by Virginia Department of Education (VDOE) • Participating in the Childcare Subsidy Program • Participating in the USDA Food Program
Fees	• May apply (currently waived)	• May apply (currently waived)
Terms and Conditions	<ul style="list-style-type: none"> • Up to \$250,000 – 10 years or 120 months • Up to \$150,000 – 7 years or 84 months 	• Up to 7 years or 84 months
Interest Rates	• Fixed – 0% (subject to change)	• Fixed – 0% (subject to change)
Eligible/ Ineligible Uses:	<p>YES: Quality improvements for health and safety and the overall learning programs, such as playground equipment & surfacing, cribs, cots, books, technology (laptops and iPads), transportation vehicles, etc.</p> <p>NO: Purchase or improve land, building construction, permanent mortgages, working capital or refinancing debt</p>	<p>YES: Quality improvements for health and safety and the overall learning programs, such as playground equipment & surfacing, cribs, cots, books, technology (laptops and iPads),</p> <p>NO: Purchase or improve land, building construction, permanent mortgages, working capital or refinancing debt</p>



Child Care Financing Program - Success Stories



Economic Development Loan Fund

Highlights

- ✓ Direct loans that assist Economic and Industrial Development Authorities to attract or retain small businesses
- ✓ Projects benefit the community through job creation or retention and tax revenue
- ✓ Loans for real estate and specialized assets or assets not “in the box” for banks
- ✓ Advantageous pricing
- ✓ Max: Up to \$2.5 million; subject to LTV limits

Eligible Uses

- ✓ Purchase or expand owner occupied property or leasehold improvements, equipment and fixed asset purchases, working capital

Ineligible Uses

- ✓ Relocate business from one VA jurisdiction to another, debt refinance, residential real estate, passive investments, stock purchase, goodwill, non-owner occupied real estate

Term & Amortization

- ✓ Term Loans: 10-year term and amortization
- ✓ Real Estate Loans: 10-year term and 25-year amortization

Interest Rate

- ✓ EDA and IDA direct loans – Fixed based on 75% of WSJ Prime
- ✓ Small Business – Fixed based on WSJ Prime, plus a margin above may apply

Fees

- ✓ \$500 non-refundable application fee



VSBFA - Programs

CREDIT SUPPORT TRANSACTION PROGRAMS



Credit Support Programs

LOAN GUARANTY PROGRAM

CASH COLLATERAL PROGRAM

Program Highlights

- Small businesses obtain capital for growth, expansion and liquidity
 - Bank grows assets
 - Mitigates loss of loan principal
 - Reduces as the loan amortized
 - Max: up to the lower of 75% of the principal loan balance or \$1 million
- Adds more security for small business bank loans
 - Cash is deposited at the participating bank to improve collateral loan to value
 - Covers the debt obligation in the event of default
 - Cash deposit reduces as the loan is amortized
 - Max: up to the lower of 40% of the principal loan balance or \$1 million

Eligible Applicants

- Small businesses

Eligible Uses

- Equipment and fixed asset purchases; working capital; purchase or expand owner occupied property; leasehold improvements; starting or purchasing a business

Ineligible Uses

- Debt refinance; non-owner occupied real estate; residential real estate; passive investments; stock purchase; goodwill

Term &

Amortization

- Credit Lines: 5-year term and amortization
 - Term or Real Estate Loans: 7-year term and amortization
- Credit Lines: 5-year term and amortization
 - Term or Real Estate Loans: 5-year term and amortization

Interest Rate

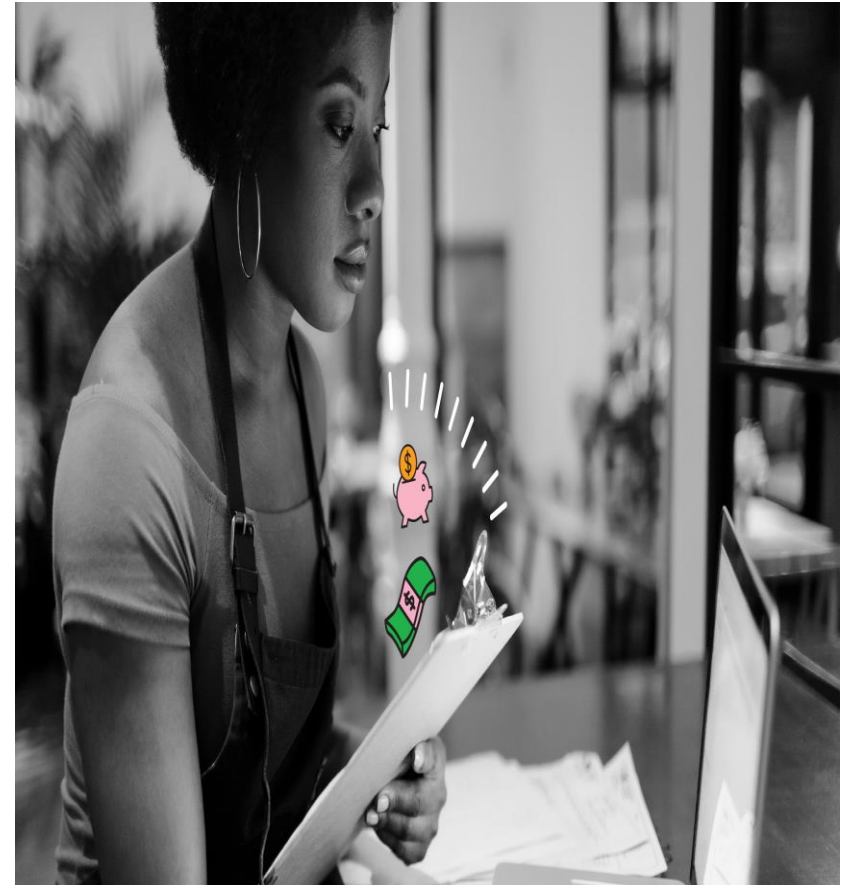
- Set by Lender

Fees

- \$200 commitment fee and 1.5% fee of the guaranty amount, 0.75% for Veteran owned business
- \$200 commitment fee and 1.5% fee of the cash deposit, 0.75% for Veteran owned business



12 Tips for Small Business Owners to Access Capital!



Basic Information Lenders Require

1. The Certificate of Good Standing, Certificate of Fact from the Virginia State Corporation Commission.
2. EIN-Employer Identification Number from the Internal Revenue Service
3. Most recent 2-3 yrs. Business & Personal Tax Returns. **ALL** schedules. (Schedule K for LLC, Form 1120 for INC, 990 Return for NPO)
4. The most recent interim financial statements ex: Profit and Loss, Balance Sheet, and Cash Flow Statements
5. List of current debts- original amount, current balance, monthly payment, terms, interest rate for the business and the owner.
6. Business Operating Agreement and articles of organization.
7. Corporation - Articles of incorporation and by-laws.



Basic Information Lenders Require

8. A Business Plan with financial projections. An elevator pitch. Describe your business in 3-5 minutes.
9. Know your numbers:
 - a) What is your annual revenue
 - b) What are your expenses
 - c) Where does your revenue derive from
 - d) What are your high/low sales seasons
10. Know how much you need to borrow
11. Know how you plan to spend the loan proceeds
12. Know how you are going to service the debt



Contact Information



Regional Lending Manager

Karen White

karen.white@sbsd.virginia.gov

(804) 371-8197

Main Office:
(804) 786-1049

Visit our website at
sbsd.virginia.gov



Virginia Small Business Financing Authority



***Thank You for
helping make Virginia
first in class for
small business!!***





Your Child Care Provider Search Starts Here!

MISTY JEWELL

Piedmont Regional Manager

misty@vachildcare.com

Phone: 540-494-7249

vachildcare.com







Mission

Help people create options for themselves

How

Through access to **capital** and **support** and by **convening** relationships among the Shenandoah Valley Ecosystem

#

Capital

#



Capital

- **Why Mission Based lending?**
 - Barriers in commercial lending
 - Holistic approach when reviewing applications
 - Providing equitable access to capital in the Shenandoah Valley

Capital

- **We Offer:**
 - SBA microloans to entrepreneurs and small businesses ranging from \$1,000- \$50,000
 - Funds can be used for a variety of expenses including working capital, equipment, and inventory
 - Interest rates up to 9.25% with incentives to lower
 - 1-5 year term

Capital

- **Localities we serve:**

- Augusta County
- Bath County
- Buena Vista
- Frederick County
- Front Royal
- Harrisonburg
- Highland County
- Lexington
- Luray
- Page County
- Rockbridge County
- Shenandoah County
- Staunton
- Warren County
- Waynesboro
- Winchester

#



Capital

- **Loan Application:**

- Business Plan
- Cash Flow Projections for 2 years
- Description of use of funds
- Past two years of personal tax returns
- Recent Copy of credit report and credit score
- Drivers License
- Intake Form

If you have sales:

- Income Statement (Profit & Loss) for past two years + YTD
- Balance Sheet for past two years + YTD
- Past two years of business tax returns

Applications received by the 15th of the month are able to be reviewed by the loan review committee the next month

Example: Application is received January 15th. Application is reviewed on the 4th week of February.

Capital

- **Technical Assistance**

- **During loan application process:**

- Templates for cash flow projections, business canvas model, etc.

- We also refer applicants to programs including SBDC's.

- **After approval:**

- Meet at least quarterly with all loan clients

Where to apply or get more information?

Interest form on website

www.sccfva.org

Contact Chrissy, Director of Capital

chrissy@sccfva.org





Leslie Currle

135 S. Main St
Woodstock, VA 22664
Cell: (540) 333-6704
lecurrle@peopleinc.net

Woodstock Office

Details

135 South Main Street

Woodstock, VA 22664

📞 (540) 459-9096

✉ info@peopleinc.net



Press Releases

People Incorporated receives \$300,000 to support women-owned businesses

People Incorporated Financial Services has been awarded \$300,000 through the Commonwealth's Capital for Communities Fund (CCCF) to support and empower women entrepreneurs with accessible financial products and coaching. Funding will...

[Learn More](#)



Tee Spot

Reaching Higher Heights



Phone number
1-540-431-5169

Address
704 Fort Collier Rd,
Winchester, VA 22601

Email: teespotlc@gmail.com

Tiarra Dawson



Tee Spot
Creative Learning Center

Tee Spot
Drop-In-Play



Early Childhood Development

Tee Spot Reaching Higher Heights LLC



Introduction

My Why? Opening a Childcare Facility

- Providing quality care for every child
- Believing in the power of early years
- A passion for children
- Supporting working parents
- Creating a safe and nurturing environment
- Making a positive impact on the community

What is your Why?

- Why are you seeking to open a Childcare Facility?
- How will you impact the community?
- How will you impact early childhood?
- What is the difference that you will make?





What It Takes

- Careful planning
- Strong commitment to providing quality care and education to young children
- Passion and Vision
- Research and Preparation
- Long hours and sacrifices
- Staffing and Teamwork
- Curriculum and Programming
- Health and Safety
- Continuous Improvement
- Family and Community Engagement

HARD WORK
+
DREAMS
+
DEDICATION
=
SUCCESS.
KISHANOWIZDOM

Do Your Research

- Benefits of Early Childhood Development
- Growing Demand of Childcare Services
- Economic Impact
- Regulatory Requirements
- Business Sustainability and Financial Considerations
- Quality Assurance and Program Evaluation
- Community Engagement and Support





Business Procedures

- Plan/ Annual Budget Cost
- Type of Facility
- Location
- Business Requirements/ Registration
- Commercial Insurance

Opening a Licensed Childcare Center

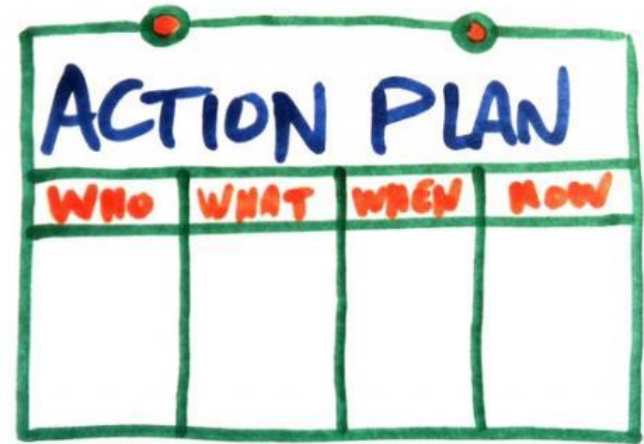
- Research and Planning
- Licensing and Permits
- Facility Requirements
- Staffing and Qualifications
- Policies and Procedures
- Equipment and Supplies
- Marketing and Enrollment



Our Story



Next Steps



A hand-drawn diagram of an 'ACTION PLAN' table. The title 'ACTION PLAN' is written in blue at the top. Below it is a table with four columns labeled 'WHO', 'WHAT', 'WHEN', and 'HOW' in red. The table has two empty rows for notes.

WHO	WHAT	WHEN	HOW

- The Powerpoints will be emailed to you later today along with the contact information of presenters.
- If you have questions on how to start or grow your business, please reach out to your SBDC
- If you would like to connect with the Northern Shenandoah Valley large businesses who may want to potentially partner, please reach out to your local EDA.