

WESTERN REGION CORPORATION

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REGIONAL WORKING CAPITAL LOAN FUND

OUTLINE FORMAT TO BE USED BY SPONSORING AGENCY FOR PREPARING LOAN PRESENTATION TO WRC LOAN COMMITTEE

NOTE: Sponsoring agencies may use one of two means of preparing a loan presentation (a "write-up") for review by the WRC Loan Committee:

1. Sponsoring agencies may obtain the information required in the "Loan Application Requirements" brochure, and then summarize the information per the format herein.
2. Sponsoring agencies may use the loan application materials of another public sector lender as the presentation to the WRC Loan Committee. If these loan materials do not provide all the information required by WRC in the "Loan Application Requirements" brochure, the sponsoring agency must provide this additional information as a supplement to the loan application materials of another public sector lender.

Loan analysis narratives are typically emailed to loan committee members one week in advance of the WRC loan committee meeting.

Following is the outline format to be used by a sponsoring agency per item #1 above:

1. **Applicant Information:** Provide a narrative presentation of the information provided by the applicant.
2. **Purpose of Financing:** Describe why the company needs the WRC loan and the proposed use(s) of the WRC funds. Provide a matrix that summarizes the project's financial package (indicating the sources and uses of all project funds, where uses should be grouped under three main categories of "real estate," "machinery and equipment," and "working capital"). Indicate that approval status of all project funds, with required collateral, terms, and special conditions. Indicate whether project involves WRC Preference Target (see last page of this document).
3. **Determination of Need:** Describe why the WRC loan is needed (i.e., why adequate conventional financing is not available).
4. **Financial Analysis:**
 - **Historical Analysis of Financial Condition:** Provide either copies of financial statements or re-formatted summaries of them. Indicated the preparer's name and affiliation, and indicate whether the statements are audited, review, compilation, or other quality statements. Provide analysis of historical statements, including summary of salient historical financial events, current financial situation, etc.

Allegany

Cattaraugus

Chautauqua

Erie

Niagara

- **Analysis of Projected Financial Condition:** Provide either copies of projected financial statements showing all project financing, or re-formatted summaries of them. Indicated the preparer's name and affiliation. Provide analysis of projected statements and projected financial situation (including the applicant's ability to service both existing and project debt). Give an analysis of the risk of default. If the risk of default is high, suggest a solution to the high-risk problem so the risk factor will be lowered and the chances of loan recommendation increase.

The analysis portion of this section is normally part of the loan analysis narrative, while the financial statements are appended to the narrative as Appendix item #'s 1 and 2 (see below).

5. **Collateral:** Provide a summary recommendation as to the adequacy of proposed collateral, supported by the data in Appendix #3 (see below).
6. **Compliance Statement:** Provide a statement as to the loan request's compliance with all WRC Contractual and Legal Compliance Requirements (see last page of this document) and WRC policies.
7. **Summary Recommendation:** Overall recommendations of sponsoring agency (e.g., specific loan amount recommended, recommended term and interest rate, standard conditions, and any specific additional special conditions).

Appendix

1. **Historical Financial Statements and Summary of Analytical Ratios** (Page 3 of this document provides a standard form that may be used.)
2. **Projected Financial Statements and Summary of Analytical Ratios** (Page 4 of this document provides a standard form that may be used.)
3. **Collateral Analysis** (Describe the proposed collateral for securing all project financing, including the WRC loan and provide a detailed analysis of collateral valuation upon a potential default. The detailed collateral valuation analysis supporting the sponsor's recommendation of the adequacy of collateralization needs to be included as an Appendix item, and WRC is required to excerpt this collateral analysis and submit it to NYS along with the draw request when drawing funds for approved loans.)

HISTORICAL FINANCIAL RATIO PAGE

BASE FINANCIAL STATEMENTS PREPARED BY: (Identify the preparer of the historical financial statements, and interims, if required and provided. Indicate whether the preparer is an independent CPA, or whether the statements have been internally prepared.)

FINANCIAL STATEMENT TYPE: (Indicate whether historical statements are audits, reviews, or compilations, or other.)

	FYE 3 years prior to date of <u>application</u>	FYE 2 years prior to date of <u>application</u>	FYE 1 year prior to date of <u>application</u>
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Net Worth
Long Term Debt
Total Liabilities
Working Capital
Sales to Working Capital
Current Ratio
Quick Ratio
Days Receivable
Total Debt/Equity
Long Term Debt/Equity

Sales
Percent Increase in Sales
Net Income
Percent Change in Net Income
EBT/Net Sales
Gross Profit Margin
Days Inventory on Hand

PROJECTED FINANCIAL RATIO PAGE

BASE FINANCIAL STATEMENTS PREPARED BY: (Identify the preparer of the projected financial statements. Indicate whether the preparer is an independent CPA, or whether the statements have been internally prepared.)

	FYE 1 year after completion <u>of project</u>	FYE 1 year after completion <u>of project</u>	FYE 1 year after completion <u>of project</u>
Net Worth			
Long Term Debt			
Total Liabilities			
Working Capital			
Sales to Working Capital			
Current Ratio			
Quick Ratio			
Days Receivable			
Total Debt/Equity			
Long Term Debt/Equity			
Sales			
Percent Increase in Sales			
Net Income			
Percent Change in Net Income			
EBT/Net Sales			
Gross Profit Margin			
Days Inventory on Hand			

WRC Regional Working Capital Loan Fund Preference Targets

- A. Working capital for manufacturing business:
- B. Working capital for company entering or expanding export markets.
- C. Working capital for alternative agribusiness company.
- D. Working capital for tourism business:
- E. Working capital for (51%) minority-owned or women-owned business:
- F. Working capital for company whose project will have a significant impact on economic conditions in the local community (i.e., significant job creation/retention)

WRC Regional Working Capital Loan Fund Contractual and Legislative Compliance

- A. Business ownership is based in New York State
- B. Business employs 100 or fewer persons on a full time basis.
- C. Project results in increase in net new permanent jobs or job retention (retail businesses must create new jobs; retail job retention projects are not eligible).
- D. Project satisfies “but for” test (commercial bank participation or rejections from two commercial banks).
- E. Project does not involve WRC participation at a dollar amount greater than that of all other local RLF’s combined.
- F. Minimum equity interest of 10% in business or project.
- G. Minority employment and/or required consideration to JTPA participants.
- H. Project site visit by sponsor.
- I. All other participants’ financial commitments are in place.
- J. Loan does not exceed 50% of total project cost and loan does not exceed \$50,000.
- K. Loan term is 5 years or less.
- L. Loan applicant business is located in a distressed area or employs persons living in such areas.
- M. Project does not involve relocation of business operations from one municipality to another (unless both municipalities concur in writing).
- N. Project is not a news media business, medical facility, library, community or civic center, or a public infrastructure improvement.
- O. Project does not refinance existing debt.
- P. Project does not provide funds for a loan to owners, partners, or shareholders of the applicant.