

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.

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Arcata Economic Development Corporation
100 Ericson Court, Ste. 100A
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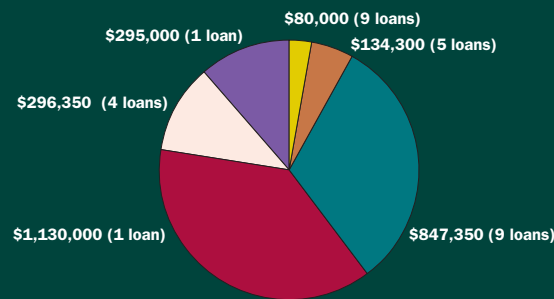
FY08 FINANCIAL POSITION

	FY10	FY09	FY08
Current Assets	\$843,875	\$1,369,899.00	\$983,814.00
Total Assets	\$5,758,996	\$5,644,475.00	\$5,121,472.00
Current Liabilities	\$407,806	\$782,930.00	\$386,365.00
Total Liabilities	\$5,443,178	\$5,342,201.00	\$4,851,875.00
Net Assets	\$315,818	\$302,274.00	\$269,598.00

OPERATIONAL ACTIVITIES

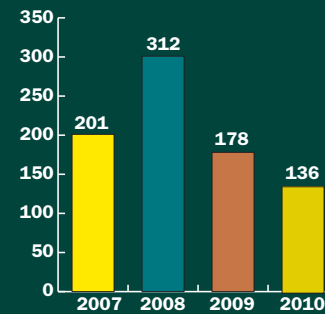
	FY10	FY09	FY08
Total Revenue	\$950,148	\$803,803.00	\$631,378.00
Total Expenses	\$936,604	\$771,127.00	\$590,530.00
Change in Net Assets	\$13,544	\$32,676.00	\$40,848.00

LOAN VOLUME BY PORTFOLIO

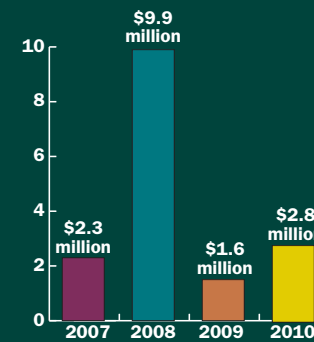


- SBA Micro Loan
- Old Growth
- USDA AEDC RLF
- City of Arcata Business
- Headwaters RLF
- SBA 504

JOBS CREATED/RETAINED



DOLLARS LOANED



AEDC



ARCATA ECONOMIC DEVELOPMENT CORPORATION

ANNUAL REPORT 2010

**FROM THE EXECUTIVE DIRECTOR
ROSS WELCH**



Looking back at Fiscal Year 2010, one thing that stands out is that our outreach programs made an impact on our lending activity throughout the year. We made loans to eighteen

individual businesses. Eight of those loans came as a result of our outreach programs: the Prosperity IDA Scholarship Program, the Child Care I.Q. Program, and new outreach efforts in outlying communities, including a new office in Ukiah.

Our lending staff was also working with several local businesses, both new and repeat clients throughout the year. As an economic development driven organization, our goal is to make lending options available to a broad base of business clients. AEDC helped fund a brand new micro-business start-up, LaDolce Video. We also funded the expansion of an existing business, The Mill Yard with the approval of an SBA 504 loan.

Our loan servicing department works closely with borrowers after the loan closes to give clients the best opportunity for success. It's this rigorous follow-up and ability to work with individual situations that allow AEDC to maintain a low default rate, even in these tough economic times.

As I conclude my third year as executive director at AEDC, I recognize the quality work our staff does, working with new and existing clients. I believe our strong community partnerships with economic development and financial partners, like North Coast SBDC, Headwaters or local banks and credit unions, give our organization strength, allowing us to do the best job possible. With this strong foundation, we are focused and ready to recognize opportunities for growth and ways to better serve our clients.

YOUTH ENTREPRENEURSHIP

AEDC is playing an important role in promoting young entrepreneurship to students in our community, first by bringing Junior Achievement to Humboldt County then integrating the program into the new Humboldt County Office of Education Decade of Difference 20/20 Initiative. In FY10, AEDC increased the number of participants in Junior Achievement from 30 middle school students to 187 students. Students at Zane Middle School in Eureka participated in the *It's My Biz* program. Eighth graders at Jacoby Creek Charter School in Bayside participated in the *It's My Biz* program while seventh graders participated in *Global Marketplace*.

As the Decade of Difference takes shape, AEDC is playing an active role by serving on the Youth Entrepreneurship committee, helping to expose children of all ages to small business through experiential, hands-on program.



PROSPERITY IDA SCHOLARSHIP

In FY10, five Prosperity Individual Development Account participants graduated from the educational portion of the program, and nine additional participants became members of the Eel River Valley Business Microenterprise program. Participants in the Prosperity IDA Scholarship program participate in financial literacy classes from Consumer Credit Counseling Services, and business classes from North Coast Small Business Development Center. They complete a business plan, and save up to \$1,200 in a special IDA Savings Account. That account is matched \$2 by AEDC for every \$1 saved. An additional benefit for students through the partnership with the North Coast SBDC, is that upon the completion of the education part of the program, participants also receive free marketing materials from the SBDC. Since beginning the program in 2007, through FY10, AEDC provided about \$17,500 in scholarship funds to participants, allowing them to purchase \$26,000 in business assets.

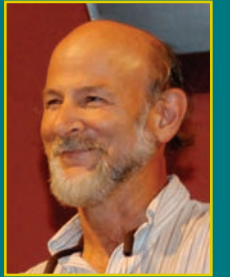
"The best part of the IDA program for me was the \$3,600 in assets, and the chance to have marketing/advertising dollars!"

Cassie Leonhardt,
HumSpa (2010)

Left: Cassie Leonhardt,
HumSpa Massage
Therapy



**FROM THE TREASURER
MICHAEL PROULX**



Given the economic environment this past year, AEDC was still able to record a small overall increase in net assets for the fiscal year. AEDC's net assets have continued to grow – to \$315,818 from FY09's total of \$302,274. Total revenue for the year was \$950,148, up from \$803,803 in FY09. Our loan funds also increased with an additional \$750,000 from U.S.D.A. and an additional \$1.5 million from the Headwaters Fund, giving AEDC the capacity to continue to grow.

Expenses for FY10 were \$936,604 up from \$771,127 last FY. During FY10 AEDC wrote-off uncollectible loan balances due to nonperformance or bankruptcy of a borrower. The addition of the Mendocino office increased expenses, but as a program that has directly benefited from one of our Government Grants, those expenses were offset. We anticipate growth in our overall loan portfolio from the addition of this office.

In an effort to mitigate additional risk in this climate, AEDC has increased the loan loss reserve by \$90,000 to help cover future losses. Between the increased loan loss reserve, and participation in the Cal-Cap insurance program, AEDC is able to continue to provide the financing needed by our local businesses when many of the traditional lenders cannot.

AEDC has had over 30 years to create the stable foundation on which our organization is built. Even in an unpredictable economic climate, smart fiscal decisions allow us to continue to encourage business growth in our community while remaining strong as an organization.

