

**Community Development Corporation
Sample Project Report
Date**

I. Applicant Information

Applicant: ABC Company
Address: 123 Main Street
City: Anytown, IL, ZIPCODE
Contact: Mr. John Doe
Telephone: 123/456-7890

II. Funding Source: Name of Community Development Corp.

III. Project Description

ABC Company has requested a \$50,000 loan for the construction of a tire recycling facility in Anytown, Illinois. The project includes the purchase of Land, Building Machinery and Equipment. They plan to create 30 to 45 new jobs. The project entails the construction of a recycling facility that will consume waste tires and manufacture Tire Derived Fuel (TDF).

IV. History and Description of Business and Applicants

The company, based out of the Other State, is headed by Mr. John Doe, CEO and offices in Portland, Houston, and Atlanta. They presently process approx. 8.4 million tires annually. The company is publicly traded with Goodyear Tire owning approx 10% of the stock undiluted. The project, entitled ABC Illinois, will be a joint venture with Other State Utility Development Company (OSUDC) who will inject \$100,000 in equity. The company has a signed contract with the XYZ Power Plant to supply 60,000 tons per year of Tire Derived Fuel (TDF) beginning on July 1, 199x with construction of the machinery in January o 199x.

V. Financial Request

	<u>USES</u>		<u>SOURCES</u>
Land & Building	\$200,000	Bank	\$350,000
Machinery & Equip.	\$200,000	CDC	\$50,000
Working Capital	<u>\$100,000</u>	Equity	<u>\$100,000</u>
Total	\$500,000		\$500,000

VI. Management Ability

The Applicants have the ability to make the project work. They are currently involved in operating the same type of facilities in Oregon, Georgia, and Texas. They are thoroughly familiar with all facets of the business.

VII. Need for CDC Assistance

Funds are needed to reduce the annual debt service and provide an incentive for location in Illinois instead of Texas.

VIII. Financial Comments

Income Statement

- 199x Profit \$247,000
- Positive Sales Growth
- Steady Control of Margins
- Positive PAT 7 Depreciation in 199x & 199x

Balance Sheet Comments

- Negative Retained Earnings
- Negative Working Capital
- Low Current and Quick Ratios
- Negative Operating Cycle
- Large Debt to Equity Ratio

IX. Collateral Valuation

<u>Offered</u>		<u>Discount</u>	<u>Evaluated</u>
<u>Security</u>		<u>Rate</u>	<u>Security</u>
Land & Building	\$200,000	15%	\$170,000
Machinery	\$200,000	50%	\$100,000
Accounts Receivable	\$66,000	50%	\$33,000
Inventory	\$70,000	50%	\$35,000
subtotal			\$338,000
Additional Collateral			100,000
subtotal			\$438,000
Prior Liens			<u>350,000</u>
Available Security			88,000
CDC Interest			<u>50,000</u>
Cushion			<u>38,000</u>
Collateral Coverage Ratio			<u>1.76x</u>

*Additional Collateral based upon a second mortgage on personal residence. Appraised value \$300,000, existing lien \$155,000 ($\$300,000 \times 85\% = 255,000 - \$155,000 = \$100,000$).

X. Pro's and Con's

Pro's of funding the project:

- Positive Environment Impact - Waste Tires
- Positive Economic Impact - depressed area of town
- Energy & Natural Resources \$ Grant
- Creation of 30-40 new jobs
- New Project
- Economic Development in Rural Illinois
- Approval by Credit Committee

Con's of funding the project:

- Marginal Financial Condition
- Tight Collateral Position

XI. Report Submitted by

Name

Date