



**Ann Arbor Ypsilanti SmartZone
SPARK Business Accelerator
FY 2005-2006 Annual Report**



The 2005-2006 fiscal year was one of transition. A CEO of Ann Arbor SPARK was announced in the second quarter and started in November. A new Executive Director of the Business Accelerator started in January. Responsibilities for various programs were transferred from the Ann Arbor ITZone to Ann Arbor SPARK. Negotiations for a merger between Ann Arbor SPARK and the Washtenaw Development Council took place through much of the year with the merger expected to be completed on August 1, 2006.

The foundation for a major marketing effort was started in February. A major overhaul and enhancement of the Ann Arbor SPARK web site should be completed in August. Collateral, outreach programs, advertising campaigns and ongoing public relations efforts are in the works to promote the Ann Arbor Region as an innovation hub in the U. S.

In March, 2006 Ann Arbor SPARK assisted several start-up companies with 21st Century Jobs Fund application support. SPARK made three applications itself, one for additional Business Acceleration support, another for a wet lab/incubator, and a collaborative application with all state SmartZones for a Pre-Seed Fund.

An effort to reach out and respond to the challenges surfacing as a result of the Pfizer restructuring continues with education and networking programs for Pfizer alum. SPARK will administer an equipment donation program that will provide valuable equipment and systems that start-up life science companies can use to preserve capital for the many needs they have in accelerating growth.

The SPARK Entrepreneurial Boot Camp continues to help entrepreneurs focus on their product market potential and educates them about what it requires to create a business.

Demand for Business Acceleration services is growing in Ann Arbor. The following data clearly demonstrates the need for Ann Arbor SPARK and the partnership with the LDFA.

Program Benchmarks FY 2006

Measurable	Goals & Targets	FY 2006 Results
Entrepreneurial Education	Deliver 30 events with a total of 1,000 attendees. Achieve an average of 60% entrepreneurs.	62 events 2,472 attendees 60.6% entrepreneurs
Web Based Educational Programs and Resources	Enhance the business accelerator website with more and better entrepreneur resources and a roadmap to local technology development and commercialization resources.	www.annarborspark.org provides: <ul style="list-style-type: none"> • Innovation business news and headlines. • Blog section for commentary, plus links to resources and articles. • Events through ITZone partnership • List and links to Partner organizations. • Cantillon education project was started and initial evaluation has started.
Intensive Business Planning Sessions (Boot Camp)	2 Boot Camps 60 participants	<u>Nov. 5 & 6 Boot Camp</u> 13 companies, 20 entrepreneurs, 10 auditors, 35 mentors <u>June 1 & 2 Boot Camp</u> 13 companies, 25 entrepreneurs, 31 mentors



Program Benchmarks FY 2006

Measurable	Goals & Targets	FY 2006 Results
Formal Accelerator Clients Total Companies Reviewed	Client Companies by Stage: Due Diligence Conducted: 13 Acceleration Engagement: 10 Post Acceleration Alumni: 8 Total Reviewed: 50	<u>Unduplicated Count</u> Due Diligence: 24 Acceleration Engagements: 12 Post Acceleration: 8 Total Reviewed: 74
Capital Raised	\$1 million from external sources into active clients and Business Accelerator clients. Over \$2 million including BA alumni.	\$2,939,000 of outside capital raised by the 20 Accelerator clients this fiscal year. \$10,900,000 raised by all companies served by the BA program, including Boot Camp participants, and companies receiving due diligence attention and service.
Collaboration	Coordinate the business accelerator services to avoid duplication and miscoordination of events.	NEF, GLEQ, ITZone, SBTDC, WDC, U of M Tech Transfer consulted regularly, (at least quarterly) to compare deal flow and event schedules.



Program Benchmarks FY 2006

Measurable	Goals & Targets	FY 2006 Results
Budget and Cash Match	The budget for the Business Accelerator for FY 06 is \$630,000. LDFA contribution is not to exceed 45.7% of total cash expenditure. Submit quarterly reports.	<u>Business Accelerator Actual</u> Income \$882,749 Expense \$717,667 LDFA Expense Contribution 34.8%
Develop a Means to Track Potential Clients, Disposition, Referral Sources, Long Range Progress, Job Creation	With WDC, tie the Business Accelerator tracking system to feed the SmartZone Annual Report and provide: Disposition and referral sources Progress including job creation Number of businesses assisted Amount of investments	A temporary database monitoring 26 metric points was developed to include all the Measurable statistics and more. In June WDC and SPARK BA signed agreement with Salesforce.com to continue tracking in a more efficient manner, conducive to sharing all economic data and easier reporting. BA served companies and alumni initial employment 51 Additional jobs created 35



Other Activity

The Business Accelerator received a grant for \$750,000 over two years from the state Tri-Corridor program to provide accelerator services and invest in Life Science start-up companies.

A six member Advisory Committee was created to review all proposals to engage companies needing more than \$10,000 in accelerator services.

A CEO-in-Residence Program was created to provide more mature start-ups advice and counsel from area innovation company executives in one-on-one meetings.

Ann Arbor SPARK will administer a Life Science equipment donation program.

Application was made to administer a Pre-Seed Capital Fund on behalf of all state SmartZones.



Budget

	ACTUAL	BUDGET		ACTUAL	BUDGET
	FY 2006	FY 2006		FY 2006	FY 2006
Income			Expense		
Accelerator Services	20,083	0	Total Outside Contractors	399,021	250,000
Grants - MTTC	475,000	281,250	Total Wages & Salaries	197,946	270,000
Grants - LDFA	250,000	250,000	Total Marketing	54,896	30,000
Boot Camp	15,260	10,000	Program Expense		
IT Zone	47,406	6,000	Boot camp	30,898	30,000
Sponsorship (SPARK)	75,000	100,000	Entrepreneurial Education	32,479	0
Total Income	882,749	647,250	Other events	20,729	0
			Total Program Expense	51,626	80,000
			Administrative Support	104,109	17,500
			Rent	53,330	25,000
			Total Expense	719,032	672,500
			Income - Expense	163,717	(25,250)

Fiscal Year is July 1 through June 30



Budget

SPARK - CASH FORECAST

June 30, 2006

	5 wks end
Beginning of Week (Monday Date)	07/03/06
Beginning Cash Balance	\$ 266,511
Cash Inflow:	
Cash Collections	
Sponsorships/Donations	\$ -
LDFA	\$ -
Grant Income MEDC	\$ -
Bus Accelerator Income	\$ 3,468
Boot Camp Income	\$ 3,350
Program Income	\$ -
Rent Income -	\$ 4,000
Other	\$ 13,325
Cash Collections	\$ 24,143

Cash Outflow:

Routine - Accounts Payable

WDC Services	\$ 23,526
Rent - facility: First Martin	\$ 6,310
Services - IT Zone	\$ 9,583
Payroll & benefits reimbursement	\$ -
Electric	\$ 589
Janitorial	\$ 350
Telephone	\$ 784
Bank fees	\$ -
Other	\$ 2,932

Min AP Invoices to Pay

\$ 44,074

Other - Accounts Payable

Employees reimbursements- T&E	\$ 175
Insurance	\$ -
Consultants	\$ 73,842
Legal	\$ -
Accounting	\$ -
Audit & tax services	\$ -
Marketing Vendors	\$ 19,310
Circulation - promotion	\$ -
Publishing	\$ -
IT Zone - True up Monthly Services	\$ -
Other	\$ 1,500

Total Other

\$ 94,828

Ending Balance

\$ 218,912

Fiscal Year is July 1 through June 30



Budget

Balance Sheet

June 30, 2006

	<u>Jul-05</u>	Jun-06		Jul-05	Jun-06
ASSETS					
Current Assets					
Cash	\$27,063	\$ 158,062			
Sponsorship Receivables	\$ -	\$ 162,500			
Accounts Receivable	\$ -	\$ 39,393			
Prepaid Expense	\$ -	\$ 327			
Other	\$ -				
Total Current Assets	\$27,063	\$ 360,282			
Property and Equipment, net	\$12,237	\$ 85,876			
Other Assets		\$ -			
BA Long Term Note Receivable	\$ -	\$ 145,801			
Allow for Uncollectible - BA Note Receivable	\$ -	\$(145,801)			
BA Note - Interest Receivable					
Allow for Uncollectible - Interest Receivable					
Total Other Assets	\$ -	\$ -			
Total Assets	\$39,300	\$ 446,159			
LIABILITIES AND EQUITY					
Liabilities					
Accounts Payable				\$ 25,410	
Accrued Expenses				\$ 8,000	
Deferred Revenue				\$ -	
Total Liabilities				\$ 33,410	
Stockholders' Equity:					
Current year surplus (deficit)			\$39,300	\$ 412,748	
Total Stockholders' Equity			\$39,300	\$ 412,748	
Total Liabilities & Equity			\$39,300	\$ 446,159	

Fiscal Year is July 1 through June 30