BUSINESS REVOLVING LOAN FUND REVIEW COMMITTEE

Martin D. Marshall
County Administrator

301 N. Main St, Adrian, MI 49221
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lenawee.mi.us

MEMBERS
David Stimpson, Terry Collins, Ralph Tillotson, Burke Castleberry

MEETING LOCATION
Chambers
301 N. Main Street
Adrian, MI 49221

AGENDA: Thursday, February 3, 2022 – 9:30 a.m.

I. **Approval of Minutes –** May 2, 2019

II. **2 B Perfect the B Hive**

III. **Other Business**

IV. **Adjournment**

NORTHERN INITIATIVES
Money and Know How

Package Name: 2 B Perfect / The B Hive LLC

Loan Memo

Prepared: 1/20/2022 9:10 AM
Loan Number: 351308
Loan Amount: $350,933
Loan Officer: Venard Roberson
Analyst: Rachel Thomas

Applicant Summary

Package Name	2 B Perfect / The B Hive LLC
Business Address	415 Mill St Suite A Adrian, MI 49222
Business County	Lenawee
Project Address	1232 W Maumee St Adrian, MI 49221-1896
Project County	Lenawee
Type of Business	624410 - Child Day Care Services
Franchise	No
Legal Structure	Limited Liability Company
Date Business Established	4/14/2020
Loan Amount	$350,933.00
Multiple Disbursements	Yes

Loan Purpose

Building Purchase, Equipment& Furniture, & Working Capital

Borrowers and Guarantors

Businesses	Transaction Role	Business Role	Legal Structure	NAICS Code	Contact Information
2 B Perfect / The B Hive LLC **EIN: 87-1548623** **Phone:** (313) 333-8719 **Email:** dayharshbridget@gmail.com	Borrower	Operating Company	Limited Liability Company	624410 - Child Day Care Services	**Proposed** 1232 W Maumee St Adrian, MI 49221-1896 **Current** 415 Mill St Suite A Adrian, MI 49222

Individual(s)	Transaction Role	Address(es)
Bridget M. Dayharsh **Primary Contact** **Phone:** (313) 333-8719 **Email:** dayharshbridget@gmail.com	Guarantor - Full Secured	**Current** 704 Alexander Dr Adrian, MI 49221-2006

Project address is NOT CDFI Qualified.

Ownership Summary

2 B Perfect / The B Hive LLC - Ownership

Owner	% Owned	Years as Owner	Title
Bridget M. Dayharsh	100.00	0.10	Managing Member

2 B Perfect / The B Hive LLC - Ownership Demographics

Race	% Owned
White	100.00%
Total Minority	0.00%

Gender	% Owned
Female	100.00%
Total Female	100.00%

Sources and Uses

Use of Proceeds	013 LENAWEE COUNTY RLF - NI	013 SCF 2019 - NI	Owner's Equity	Total
Building Acquisition	$280,000.00	$0.00	$20,000.00	**$300,000.00**
Purchase Equipment	$0.00	$41,836.00	$0.00	**$41,836.00**
Working Capital and Closing Costs	$29,097.00	$0.00	$5,000.00	**$34,097.00**
Totals	**$309,097.00**	**$41,836.00**	**$25,000.00**	**$375,933.00**
Overall Contribution Percentage	**82.22%**	**11.13%**	**6.65%**	**100.00%**

Sources and Uses Comments

Lenawee County RLF - $309K

- Purchase of CREM located at 1232 W Maumee - $300,000
- Working Capital for Payroll for approximately 1+ month - $29,097
  - Based on borrower's projections and includes owner wages

Borrower's Equity - $25,000

- Purchase CREM - $20,000 Down-payment - Awarded from a DHS increase.
- All pre-closing cost -- $5,000
  - Special Permit Cost - $250
  - Earnest Money Deposit - $1000
  - Life Insurance - Unknown
  - Fire Inspection - $135
  - Completed - In order for the facility to receive a A rating minor repairs are needed.
    - Repairs --
      - Furnace room drywall needs to be examined to know if it is fire rate drywall. Does not affect passing.
      - Inspector is checking to see if a fire rated kitchen door is needed and a door frame on the furnace door
  - Health Inspection - $200
  - Property Inspection - $1500
  - Lead Inspection - $250

Northern Initiatives - SCF Loan

- Purchase Equipment, Furniture, and Supplies - $41,836

Equipment, Furniture, and Supplies

- Indoor Furniture (tables, chairs, bookcase, storage, cots, desk) - $35,238.88
- Small Electronics - $889.87
- Toys - $664.51
- Outdoor Playgrounds - $5,043
  - Discover Center Playground
    - The Discovery Center Sapling playground is a three-deck structure designed for children ages 6 to 24 months. This HDPE plastic playset is great for schools and daycares. Large enough to allow 25 children to play together, the many activities will spark imagination and encourage learning. Slides, interactive panels, and drums, this play system has it all and is at a great price for multiple classrooms. As part of the popular Discover Center series, the Sapling playset provides options for children to develop motor skills and achieve developmental milestones. The multi-functional play ramp features a learning experience of animals, shapes, the alphabet, and numbers to encourage language development and counting skills. The tot slide offers a thrill as children transition from the middle deck to ground level.

Loan Terms

NI (013 LENAWEE COUNTY RLF)

Rate Type	Estimated Closing Date	Estimated Maturity Date	Amount	Term	Amortization	Interest Only Periods	Initial Rate
Fixed	3/31/2022	3/31/2025	$309,097.00	36	240	3	5.000%
Estimated Interest-only Payment				**Estimated Payment**			
$1,305.79				$2,051.78			

Estimated Balloon Payment
$282,740.42

NI (013 SCF 2019 - 1st Position)

Rate Type	Estimated Closing Date	Estimated Maturity Date	Amount	Term	Amortization	Interest Only Periods	Initial Rate
Fixed	3/31/2022	3/31/2025	$41,836.00	36	60	0	8.750%
Estimated Payment							
$865.84							
Estimated Balloon Payment							
$18,977.00							

Additional Sources of Funds
Owner's Equity - $25,000.00

SCF Loan - 0.25% rate reduction applied.

The interest rate may reduced by .25 basis points for each qualifier met. Document any qualifiers met.

1. Management experience in industry-financed is > 5 years

Project Summary

Location:

Bridget Dayharsh is requesting funds to purchase a former Church that will be converted into a Daycare. The church is currently zoned R-1 (Residential with exception). A public hearing was held on 9/14 to review the application request for a special permit. The special permit will allow Bridget Dayharsh to use the church as a daycare facility. On November 5th, the City of Adrian discussed the change of the ordinance verbiage. The final approval happened in December. The cost for the special permit is $250 and must be purchased from the City of Adrian. The name of the special permit is called the Zoning Exception Permit. In order for the permit to be approved a Notice to the Newspaper must be published, and a Public Hearing must be had to review the permit request. The City of Adrian agreed to keep the building zoned as an R-1 with an exception pertaining to the use of the facility as a daycare.

The business' current location (415 Mill Rd) is in need of several building improvements. They are leasing the property for roughly $4,000 per month (NI proposed monthly loan payment is roughly $2,787). The current owner of the building is not willing to make improvements to the building. The building was placed on the market for roughly $219,000 two years ago. The owner would be interested in selling the building as is and needs significant upgrades. Bridget had a Contractor review some of the property. The Contractor found that the property needs a new roof, 3 new A/C Units, 2 large rooms need carpet replacements, a Fire System would be needed to add an additional room if the organization wants to grow. In addition, there is suspected mold in the crawl space/basement area. The inspection may not reflect all of the updates needed to the property.

Business Operations:

2 B Perfect/ The B Hive, LLC was incorporated and begin operating in April of 2020 with two owners, Bridget Dayharsh and Bobbie Muldon. The current location is 415 Mill Rd. Bobbie Muldon has left the business, Bridget is the sole owner. Bobbie Muldon was paid $7,000 following her departure and is not owned any other funds.

Following their inception, 2 B Perfect/The B Hive, LLC experienced 3 tours and 6 inquiries per week. Bridget provided the tours and average a 50% closing rate with a goal of 70%. The current location consists of a license for 41 children. There are part-time children as well as second and weekend shifts. There are a total of 60 children with 58% of the children receiving state assistance for childcare. Bridget is expected to transition as many children as she can to the new location. Their current hours are Monday - Saturday from 5a.m. - 10p.m. These hours will continue.

Bridget will have to apply for a new license due to each license being location's specific. The new location will request a license for 60 kids. Again, Bridget is expected to transition as many children as she can to the new location. 2B Perfect/The B Hive, LLC is planning to take part in the Food Program. The Food Program is a federal Child and Adult Food Program that reimburses meals (includes breakfast, lunch, and dinner) based on federal income guidelines. The facilities must have 20% or more families that meet the income requirements

In order to be reimbursed the organization must claim how many kids have each meal. The organization is reimbursed 2 meals and 1 snack per day for each child. The cost structure is: Breakfast $1.40, Lunch $2.63, Dinner is $2.63, and Snack is $.78. They are reimbursed monthly and the funds are usually deposited the 3rd week of the month.

Daycare Policies:

Bridget will implement a No Pay No Stay policy. This means that a child(ren) will not be able to stay at the Daycare if the family has not paid. The families are billed weekly and in accordance with the contract signed by the parents. 2 B Perfect/ The B Hive, LLC bills DHS every other week to receive payment for children receiving assistance.

Illness:

2 B Perfect/The B Hive, LLC has a policy to temporarily exclude children from care who may be infectious or demonstrate physical symptoms that require continual one-on-one care. Those infectious or symptoms include Fever, Nasal Discharge, Vomiting, Diarrhea, Eye Discharge, Rash, and/or Cough.

COVID Procedures

- Upon arrival at the Day Care, each child has their temperatures taken and reviewed for symptoms (documented). Staff members are also screened as well. Staff and Parents will be asked the following. If answered yes, parents are asked to keep their children home and staff are to stay home. Staff is encouraged to stay home if they are not feeling well.
  - Has your child been in close contact with a person who has COVD-19?
  - Has your child felt unwell in the last 3 days? (persistent cough, temperature, difficulty breathing, cold , diarrhea, and / or vomiting)
- No personal items will be allowed to come into the building that are from home, such as blankets, toys, cups, bags etc. Any car seats and/or diaper bags will stay in the foyer.
- Parents are asked to stay in the foyer area at pick up and are encouraged to wait outside if another parent is at the foyer.
- Children will be required to wash their hands at arrival and throughout the day as normal. Changing tables will be sanitized between each use, as usual, play will be monitored if toys go in a child's mouth they will be put up to be sanitized. All toys will be sanitized at the end of the night.
- Children will be monitored for signs of any symptoms.
- If a child starts to show symptoms they will be given a mask and will be removed from the group. Their parents/guardians will be called for an immediate pickup.
- If a staff member becomes ill during a shift an office staff will step in to provide coverage if needed.
- Staff that has not been vaccinated are required to wear a mask at all times while at the center. Due to contact tracing of a possible outbreak staff are expected to adhere to the schedule and stay in their assigned classrooms/ areas.

Quarantine/Testing Guidelines:

- If made aware that a child is a close contact exposure risk, the following guidelines are applied.
- 10-day quarantine beginning at the day of exposure.
- A negative test (on day 5) would allow the child to return on day 6. A positive test would mean the quarantine would continue from the day of the positive test to 14 days more.
- Quarantine can be avoided if you have a clinical positive covid case from the past 90 days.
- If it is found that a parent or staff has been tested for COVID and does not relay this information they will be immediately let go from our business and any financial impact on the business due to this will be subject to collection efforts.

Marketing:

Bridget plans to market the new daycare facility using a Facebook page, Facebook Ads, Great Start to Quality page (Great Start to Quality is Michigan's quality rating and improvement system (QRIS) that supports early childhood programs and providers in their efforts to improve their programs), Marketing and Networking events (Adrian/Tecumseh), Flyers to Adrian Public School, and word of mouth.

Competition:

Not much information is found on the website or Google for the organizations

- Beginners Learning Center - Childcare center with a Fee schedule based on the number of hours their services will be used. They do not have a website. The daycare facility has 3 stars based on 8 reviews.
- Pathway Preschool - Preschool that has been in existence for 20 years. They provide care for toddlers/Infants, Preschool, and Before & After Care.
- Candy Land Daycare - Daycare facility in Adrian, MI. They provide care for toddlers/Infants, Preschool, and Before & After Care.
- Little Cougars - Preschool and Pre-Kindergarten facility.
- Birth Toddlers and Beyond - Daycare facility in Adrian, MI. They provide care for toddlers/Infants, Preschool, and Before & After Care. Preschool is only offered from 8:30 am -11:30 am.

Other Childcare facilities in the Adrian area were In-Home facilities or childcare facilities with limited services such as only preschool and/or kindergarten.

2 B Perfect/ The B Hive, LLC prices for their services were very competitive and in line with the competitors who have their pricing on their website.

RLF Job Creation

The use of Lenawee County's RLF is supported by 2 B Perfect The B Hive LLC projected job creation of 9 FTE's. Those positions are Preschool assistant, Infant Assistant(s), Infant Lead, Second Shift Staff(s), and weekend staff(s). With a license of 60 kids and multiple shifts, Bridget Dayharsh will seek to double her capacity with a more appealing facility to parents and children.

Total Exposure

Total Exposure	Outstanding Balance	Net Exposure
$350,933.00	$0.00	$350,933.00

Description	Status	Product	Amount	Outstanding Balance	Net Exposure	Total Exposure
2 B Perfect / The B Hive LLC	Active	Business Loan	$350,933.00		$350,933.00	$350,933.00
			$350,933.00	**$0.00**	**$350,933.00**	**$350,933.00**

Collateral Analysis

Lien Descriptions

1st lien on all assets. 1st on 1232 W Maumee St, Adrian, MI.

	Gross	Valuation Method	Net	Prior Lien Holder(s)	Available Value	Comments
Real Estate - Commercial Real Estate 1232 W Maumee St, Adrian, MI **Ownership:** 2 B Perfect / The B Hive LLC (100.00%)	$300,000	None - 65%	$195,000		$195,000	Using Purchase Price as the value for the following reasons: • Property is Single Use • Customer & NI unable to obtain an appraisal A Broker's Opinion was obtained as the customer has been unsuccessful in finding an appraiser. Jeff Rising of REMAX valued the property at $425,000 as of 7/29/21. Advance rate lowered due to the nature of the property (single use).
Address	1232 W Maumee St Adrian, MI 49221-1896					
Business Assets - All Business Assets All Assets	$50,498	Cost - 0%	$0		$0	No advance rate is assigned as the assets will consist of child care furniture, toys, small kitchen appliances, etc.
Address	1232 W Maumee St Adrian, MI 49221-1896					
Total	**$350,498**		**$195,000**	**$0**	**$195,000.00**	

Total Exposure	$155,933.00
Collateral Advance Rate	179.97%
Collateral Coverage	55.57%

Collateral Notes / Comments

- ***UCC Quick Search Results as of 7/23/21:***
  - 2 B Perfect / The B Hive LLC - No liens
  - Bridget Dayharsh - No liens

The property does not have a SEV due to it being a Church-owned by Christ The Redeemer Lutheran Church

- Square Footage - 8,513
- Total Acres - 2.869
- 1 Story
- Central air, built-in 1960, kitchen, dining area with stage, 4 restrooms, 4 offices/classrooms, paved parking for 55 cars

Life Insurance

Requiring Life Insurance for Bridget Dayharsh.

Insured Person	Amount
Bridget M. Dayharsh	Amount of Loan

Financial Analysis

Analysis for 2 B Perfect / The B Hive LLC

Income Statement

	12/31/2020 (12)	12/31/2021 (12)	Year 1 Proj B/E (12)	Year 1 (12)	Year 2 (12)
Accounting Method					
Source	Tax Return	Company Prepared		Projection	Projection
Revenue					
Revenues	**$202,576**	**$618,602**	**$497,300**	**$938,592**	**$1,011,552**
Gross Revenue	202,576	618,602	497,300	938,592	1,011,552
Gross Profit	**$202,576**	**$618,602**	**$497,300**	**$938,592**	**$1,011,552**
Expenses					
Expenses	**$207,961**	**$442,937**	**$462,211**	**$492,211**	**$506,833**
Advertising	0	380	1,200	1,200	1,140
Auto Expense	0	72	0	0	0
Contract Labor	0	21,332	0	0	0
Employee Benefits	0	5,278	0	0	0
Insurance	0	2,250	2,400	2,400	2,472
Legal & Professional Services	0	1,019	1,440	1,440	1,440
Meals & Entertainment	0	1,975	0	0	0
Office Expense	0	5,000	0	0	0
Rent - Office	13,120	50,356	0	30,000	30,900
Repairs & Maintenance	30,614	3,480	4,800	4,800	4,944
Food	0	17,842	18,000	18,000	18,540
Supplies	0	17,390	0	0	0

Taxes & License	17,683	55,611	33,860	33,860	34,870
Utilities	0	18,046	17,500	17,500	18,025
Wages	80,724	224,664	343,725	343,725	354,031
Owner Wages	0	0	33,275	33,275	34,279
Other Expense [1]	65,820	18,242	6,011	6,011	6,192
Depreciation	**$0**	**$0**	**$28,571**	**$28,571**	**$28,571**
Depreciation	0	0	28,571	28,571	28,571
Total Operating Expense	**$207,961**	**$442,937**	**$490,782**	**$520,782**	**$535,404**
Operating Profit	**($5,385)**	**$175,665**	**$6,518**	**$417,810**	**$476,148**
Interest Expense	**$6,430**	**$0**	**$18,723**	**$18,723**	**$17,630**
Interest	6,430	0	0	0	0
Interest - Current Loan	0	0	18,723	18,723	17,630
EBITDA	**($5,385)**	**$175,665**	**$35,089**	**$446,381**	**$504,719**
Net Profit Before Taxes	**($11,815)**	**$175,665**	**($12,205)**	**$399,087**	**$458,518**
Net Income	**($11,815)**	**$175,665**	**($12,205)**	**$399,087**	**$458,518**
Net Income %	**-5.8%**	**28.4%**	**-2.5%**	**42.5%**	**45.3%**

[1] 2020 Tax Return: Schedule for other expenses not provided.

Historical Income Statement Analysis

Business was started in April of 2020.

Current Rent is roughly $4,000 per month (New Loan payment will be $2,787).

Projection Analysis

Customer projections assume the facility has 60 children enrolled.

- Assumes 12 Infant/Toddlers enrolled for the first 3 months, and 16 thereafter
- Assumes 8 Toddlers enrolled
- Assumes 12 Pre School Age enrolled
- Assumes 8 School Age enrolled
- Assumes 40 Infant Tuition - Cash Customers

	Enrolled	Monthly Revenue per Child	Monthly Revenue	Annual Revenue
Infant/Toddlers	16	$1,344	$20,160	$241,920
Toddlers	8	$1,344	$10,752	$129,024
Pre School	8	$960	$7,680	$92,160
School Age	8	$928	$7,424	$89,088
Infant Tuition	40	$760	$30,400	$364,800
Food	60	$30	$1,800	$21,600
Totals			**$78,216**	**$938,592**

The business's current location has 65 children enrolled. They are licensed for 41 and are currently having part-time children share spots, evening and weekend shifts.

The new space will be licensed for 60 children.

Below is the Industry standards vs. 2 B Perfect (Both are in percentages of revenue and only completed for year 1).

- Wages - Industry - 47.8 / 2 B Perfect - 40
- Utilities - Industry - .7 / 2 B Perfect - 1.9
- Marketing - Industry - .5 / 2 B Perfect - .1 -- Lower than industry standard.

Pro Forma DSC

	12/31/2020 (12)	12/31/2021 (12)	Year 1 Proj B/E (12)	Year 1 (12)	Year 2 (12)
Revenue	**$202,576**	**$618,602**	**$497,300**	**$938,592**	**$1,011,552**
Net Income	**($11,815)**	**$175,665**	**($12,205)**	**$399,087**	**$458,518**
Add Backs					
Depreciation	$0	$0	$28,571	$28,571	$28,571
Interest	$6,430	$0	$0	$0	$0
Interest - Current Loan	$0	$0	$18,723	$18,723	$17,630
Distributions	$0	$77,061	$0	$0	$0
Rent - Office	$13,120	$50,356	$0	$0	$0
Available Cash Flow	**$7,735**	**$148,960**	**$35,089**	**$446,381**	**$504,719**
Available Cash Flow %	**3.8 %**	**24.1 %**	**7.1 %**	**47.6 %**	**49.9 %**
Debt Service					
Proposed Business Debt	$22,304	$35,011	$35,011	$35,011	$35,011
Cash Flow After Debt Service	**($14,569)**	**$113,949**	**$78**	**$411,370**	**$469,708**
Total Debt Coverage Ratio	**0.35**	**4.25**	**1.00**	**12.75**	**14.42**

Global Cashflow

	12/31/2020 (12)	12/31/2021 (12)	Year 1 Proj B/E (12)	Year 1 (12)	Year 2 (12)
Revenue	**$202,576**	**$618,602**	**$497,300**	**$938,592**	**$1,011,552**
Net Income	**($11,815)**	**$175,665**	**($12,205)**	**$399,087**	**$458,518**
Add Backs					
Depreciation	$0	$0	$28,571	$28,571	$28,571
Interest - Current Loan	$0	$0	$18,723	$18,723	$17,630
Interest	$6,430	$0	$0	$0	$0
Personal Cash Flow	$0	$65,685	$29,797	$18,421	$19,310
Distributions	$0	$77,061	$0	$0	$0
Rent - Office	$13,120	$50,356	$0	$30,000	$30,900
Available Cash Flow	**$7,735**	**$214,645**	**$64,886**	**$494,802**	**$554,929**
Available Cash Flow %	**3.8 %**	**34.7 %**	**13.0 %**	**52.7 %**	**54.9 %**
Debt Service					
Proposed Business Debt	$11,152	$35,011	$35,011	$35,011	$35,011
Cash Flow After Debt Service	**($3,417)**	**$179,634**	**$29,875**	**$459,791**	**$519,918**
Total Debt Coverage Ratio	**0.69**	**6.13**	**1.85**	**14.13**	**15.85**

Global Cash Flow

Debt Service Coverage was calculated on a Global Basis and uses 2 B Perfect/The B Hive, LLC's projections.

Pro Forma Balance Sheet for 12/31/2021 (12)

	12/31/2021 (12)	Debits	Credits	Total
Assets				
Current Assets	**$86,525**	**$34,097**	**$0**	**$120,622**
Cash & Equivalents	$86,511	$34,097	$0	$120,608
Other	$14	$0	$0	$14
Non-Current Assets	**$2,880**	**$341,836**	**$0**	**$344,716**
Machinery and Equipment	$0	$41,836	$0	$41,836
Other Non-Current Assets	$2,880	$300,000	$0	$302,880
Total Assets	**$89,405**	**$375,933**	**$0**	**$465,338**
Liabilities				
Current Liabilities	**($7,005)**	**$0**	**$13,997**	**$6,992**
Notes Payable	($5,500)	$0	$0	($5,500)
Wages Payable	($1,505)	$0	$0	($1,505)
CPLTD - Current Loan	$0	$0	$13,997	$13,997
Non-Current Liabilities	**$0**	**$0**	**$336,936**	**$336,936**
LTD - Current Loan	$0	$0	$336,936	$336,936
Total Liabilities	**($7,005)**	**$0**	**$350,933**	**$343,928**
Equity				
Owner's Equity	**$96,410**	**$0**	**$25,000**	**$121,410**
Owners Distributions	($77,061)	$0	$0	($77,061)
Owner Injection	$0	$0	$25,000	$25,000
Retained Earnings	($5,173)	$0	$0	($5,173)
Opening Balance Equity	$2,980	$0	$0	$2,980
Net Income	$175,664	$0	$0	$175,664
Total Equity	**$96,410**	**$0**	**$25,000**	**$121,410**
Total Assets	**$89,405**	**$375,933**	**$0**	**$465,338**
Total Liabilities & Equity	**$89,405**	**$0**	**$375,933**	**$465,338**

Ratios

	12/31/2020 (12)	6/23/2021 (6)	7/26/2021 (7)	12/31/2021 (12)	Year 1 Proj B/E (12)	Year 1 (12)	Year 2 (12)
Expense to Sales							
Gross Margin	100.00%	100.00%	0.00%	100.00%	100.00%	100.00%	100.00%
Net Profit Margin	-5.83%	47.70%	0.00%	28.40%	-2.45%	42.52%	45.33%
Operating Margin	-2.66%	44.44%	0.00%	28.40%	1.31%	44.51%	47.07%
Operating Ratio	102.66%	55.56%	0.00%	71.60%	98.69%	55.49%	52.93%

Sources of Repayment

Primary	Cash flow from operations

Secondary	Liquidation of collateral
Tertiary	Guarantor income

Management / Operations

Management
Bridget Dayharsh opened her first daycare program in Canton, MI. The facility was licensed for 20 children with a total of 4 staff. She ran this program for roughly 4-5 years. Bridget sold the facility after moving to Adrian. In September 2016, Bridget opened a family childcare in her home. They grew quickly and expanded into a group. They served full-time and part-time children as well as before and after school care. She managed 4 employees. They participated in the Stars program, food program, and DHS. Bridget was also awarded a grant for the Stars program. During the time she managed an in-home daycare she attended Siena Heights for a yearlong for Child Development Associate Credential (CDA). Bridget managed the financials, payroll, expenses, taxes, and DHS billing. In August of 2019, Bridget closed to attempt to work a different job while her child was in school full time. This was short-lived as she went back to working in childcare. This year Bridget completed her CDA steps and officially has her certification. Having a CDA is a 16 semester hour program in early childhood education and qualifies her to be a Program Director. The B Hive uses a program called Procare, which is specific to Child Care Programs. It bills parents weekly and parents are able to pay through the program. It also runs reports for attendance, billing, fees, and allows parents to sign their children in and out of the facility as well as staff to clock in and out.
Operations
The B Hive currently uses an Accountant that runs their payroll and submits quarterly tax forms. They are also required to submit billing to DHS on a weekly basis. Bridget has worked with this Accountant for a total of 3 years. In addition, Bridget's employee Tara is in charge of submitting required information to the food program monthly. The B Hive uses a program called Procare, which is specific to Child Care Programs. It bills parents weekly and parents are able to pay through the program. It also runs reports for attendance, billing, fees, and allows parents to sign their children in and out of the facility as well as staff to clock in and out. The B Hive will bring in an employee who will help manage the billing. This employee ran a successful home child care program for several years prior to moving to Adrian. Bridget will manage the reconciled bank accounts, Quickbooks and monitor their budget. Bridget will manage the human resources responsibilities.

Lender Risk Rating

Rating	3	4	5	6	7	Comments
Business DSC 1.00 - 1.25			●			1.0 - Based on Projected B/E
Global DSC > 1.50:1	●					1.85 - Global B/E assuming Bridget draws a wage from the business
Quick Ratio > 1.50:1	●					Pro Forma 12/3/21
Personal Net Worth (excluding business) Negative					●	
Credit Score 670 - 739			●			Bridget has a fair credit score due to delinquencies and high revolving. debt The delinquencies consist of paid medical collections and a paid charged-off account.
Industry Experience 5-10 years experience in industry financed		●				
Management Experience 5-10 management experience		●				
CCR (after discounting) .50 - .74			●			0.55
Overall Rating: 4.4						

Final Risk Rating = 5

Strengths and Weaknesses

Strengths	• Bridget has 10 years of childcare experience. This includes managing an owner-operated Daycare Facility with employees. • Bridget completed her Child Development Associate Credential (CDA). This gives her the ability to become a Program Director. • Bridget will transition children from her current facility to the new start-up Daycare Facility. • The B Hive has been in business for roughly 1.5 years and has generated roughly $366,000 in revenue in a 6-month span. • The B Hive is projected to create 9 FTE, which would be very beneficial to the community. • 1st Lien on all Collateral
Weaknesses	• No Appraisal due to appraiser's availability - Mitigant - We were able to get a Broker's Opinion with a value of $425,000. • Equity - Mitigant - 1st lien on Collateral & Bridget has more than 10 years experience in the industry

Lender Policy Exceptions

Section Incomplete

Topic	Policy Status	Comments
Other	Exception	**Not Requiring an Appraisal.** - Mitigated by: Receipt of a broker's opinion. NI and customer have had no success finding an appraiser to complete the request.

Conditions and Covenants

Financial Reporting Requirements
• Annual Business Tax Returns • Annual Tax Returns from Owners and Guarantors. • Annual company prepared financial statements.

Community Impact Analysis

Demographics for 415 Mill St Suite A, Adrian, MI 49222	
Census Tract	26091060600
Located in CDFI Investment Area	No
Poverty Rate Qualified	No
Poverty Rate	2.5%
MFI Qualified	No
Census Tract MFI as % of benchmark	116.56%
Unemployment Rate Qualified	No
Unemployment Rate	2.9%
Urban / Rural Classification	Mostly Rural

Projected Jobs Information	
Total number of FTEs to be created at the operating business	9
Number of FTEs to be created within 12 months of financing	0
Number of FTEs to be created after 12 months of financing	0
Please describe the types of jobs to be created	
Salary range for jobs created	
Average salary for jobs created	
Will health insurance be offered?	
Will there be a 401K plan or equivalent?	
Will there be employee training provided?	
Will there be any other benefits provided? (please describe)	
Estimated Number of construction jobs (for commercial estate financing), if any, that will result from this financing	
Owner Demographics	
Race	**% Owned**

White	100.00%
Total Minority	0.00%
Gender	**% Owned**
Female	100.00%
Total Female	100.00%
Veteran Status	**% Owned**
Non-Veteran	100.00%
Total Veteran	0.00%