



helping business
PROSPER

2014 ANNUAL REPORT



Above: Robin Bequet, Owner of Bequet Confections shares stories and encouragement with entrepreneurs at a Montana Women's Business Center Leadership Mentoring Series event facilitated by Ris Higgins, Owner of Leadership Outfitters. Cover: West Paw Design team members discuss production challenges with Umberto Catignani of Orbital Plastics Consulting during an Injection Molding Industry training facilitated by Prospera.

Prospera is an economic development organization facilitating business leadership, whose purpose is to advance, challenge and inspire our regional business communities.

our
STAFF



Paul Reichert
Executive Director



Amanda Schultz
Montana Women's
Business Center Director



Drew Little
Program Manager



Anne Martin, CPA
Accounting Manager

2014 *year in* REVIEW

Fall is one of my favorite times of year. The crisp air and snow dusting the mountain tops signal a time to contemplate our special place in Montana. As we reflect on 2014, all of us at Prospera are grateful for your generous support. Your membership dollars and other investments strengthen our regional economy by helping businesses and communities succeed. A special note of thanks to Stuart Leidner, who led Prospera in 2014 and made a significant contribution to the achievements included in this report.

The Montana Women's Business Center (WBC) program had a stellar 2014. Thanks to your support, the Montana WBC assisted with 26 new business starts and supported the creation of 171 new jobs. Our energetic staff, both here and at the sub-center in Hamilton, met with 280 clients that received business counseling and financial advice to open their doors for the first time or improve their existing business.

You also made it possible for Prospera and the Montana WBC to host three dozen training and networking events that reached over 1,100 participants in 2014. We launched two new successful training programs: the Women Entrepreneur Leadership Mentoring Series in Bozeman and the Women Entrepreneur Fwd. Business Series in Livingston. Add in the monthly Manufacturing Roundtable and TechAlliance training workshops, and you can see how Prospera helped to connect people and mentor emerging business leaders in our area.

Your investment in Prospera and the Montana WBC also helped our clients access nearly \$4.5 million in capital from a combination of our Revolving Loan Funds (RLF) and other funding sources. Prospera lent to six new RLF clients in 2014, resulting in the creation of 45 jobs in Gallatin and Park counties. As of year-end we had a loan portfolio of \$1.2 million, with a total of \$5.1 million lent to date. Our strong partnerships with area banks on financing packages, combined with our ability to be the sole provider of start-up financing, strengthened our RLF program's impact as a powerful resource for small business success.

In addition, our assistance with Big Sky Economic Development Trust Fund (BSTF) grants helped fund projects including a broadband infrastructure feasibility study in Bozeman and an engineering report for Livingston's Central Business District. Both efforts are leading to new public and private investments in these cities, demonstrating the positive leverage possible with the strategic use of BSTF dollars.

In this report you will see how your support of Prospera *helped business prosper* in 2014. Thank you for your commitment to helping businesses and communities succeed.


Sincerely,

Paul Reichert, *Executive Director*
October 2015

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: Feed Café

Above: Proprietress Serena Rundberg with Feed Café Partner and Executive Chef Sean Lehmann.
Facing: The Feed Café crew preparing artisan comfort food on a busy weekday morning.



“Prospera was able to help me with the business plan and through the whole execution of opening this restaurant.”

Serena Rundberg, Proprietress, Feed Café

After ten years of perfecting the award-winning Nova Café in downtown Bozeman, Serena Rundberg wanted to create another gathering place, this time on the west end of Main Street. In the spring of 2014, she began meeting with Amanda Schultz of Prospera’s Montana Women’s Business Center to fine tune her business plan for a new venture, Feed Café. A few months and many revisions later, Serena was ready to pursue financing to make her

carefully assembled plan a reality. She continued working with Prospera to prepare her bank loan request and secured a loan to cover the majority of the project costs. However, Serena needed additional capital for leasehold improvements, equipment and working capital. Enter Prospera’s Bozeman Revolving Loan Fund. Serena says that without this critical final piece, opening Feed Café would not have been possible. After a whirlwind of construction, menu design, hiring

and training, Feed Café opened in the spring of 2015. Complete with farm chic furnishings and community-style seating, the cafe features an artisan approach to comfort food and a commitment to incorporating hand crafted, local and organic goods. With Partner and Executive Chef Sean Lehmann and Operations Manager Nick Garbiel by her side, Serena crafts a thoughtful, genuine community; all by way of nourishing meals, eaten together in style.

MONTANA WBC IMPACT in 2014:

1,202
hours of counseling provided to 280 clients

26 new business starts
171 jobs created
\$4.47 MILLION access to capital



REVOLVING LOAN FUNDS



: Helio & Company

The Helio & Company team in their new location. Above: Top row, from left: Josh Davis, Zach Johaneson, Chad Dawson. Second row: Anne Devereux Curtis, Chris Murphy, Kina Pickett, Sam Hedlund. Bottom row: Bodhi, Jenny Fleming, Alex Gappa, Katie Roberts.

While evaluating the options for growing their digital creative agency Helio & Company, Chris Murphy and Kina Pickett encountered a roadblock. They needed to purchase more production equipment and obtain capital to finish construction work in a new office space. However, they had already fully leveraged the financing available to them through their partners at Stockman Bank, and the only other option for acquiring equipment would be to

lease it at very high interest rates. That is when Stockman Bank referred Chris and Kina to the Bozeman Revolving Loan Fund (RLF) financing available through Prospera Business Network. Chris and Kina had already been accessing business counseling services with Amanda Schultz through Prospera's Montana Women's Business Center program, strengthening their business plan and cash flow projections with Amanda's assistance. They were therefore able

to seamlessly work with the rest of the Prospera team to prepare their loan application. By December of 2014, the Bozeman RLF loan committee approved a five-year loan to Helio & Company for leasehold improvements and equipment purchases. Within a few months, Helio & Company was settled into their hip and spacious new headquarters within a renovated building on South Wallace, fully equipped to keep blazing new trails in their industry.

REVOLVING LOAN FUNDS IMPACT in 2014:

6
new loans

\$661,643
lent to small businesses in Gallatin & Park counties

45
jobs created



“With better meeting spaces, smoother workflow and a more productive environment, the culture has gotten better. We are putting our employees first, we built this space for them.”

Chris Murphy, Creative Director & President,
Helio & Company





: Livingston PER

Livingston Public Works Director Shannon Holmes in the city's Central Business District, highlighting surface and underground improvements included in the new Preliminary Engineering Report.

Cities across the United States are confronting aging and outdated infrastructure and grappling with the expense of emergency repairs, and Livingston, Montana is no exception. Add to that the incomplete information about systems from the early 1900s, and a simple utility project can quickly uncover unwelcome and costly surprises. Major infrastructure updates are undeniably complex, so in light of these needs in August of 2014 Prospera assisted the City of

Livingston in securing a \$25,000 BSTF Grant to help create a Preliminary Engineering Report (PER) for the City's Central Business District. Completion of the PER will help ensure that the District, which encompasses over 12 square blocks, has efficient and reliable infrastructure by providing a comprehensive, phased plan. While the City had already been implementing downtown improvements, its existing studies and Capital Improvement Plan did not provide

a coordinated and systematic approach for the phased implementation of both surface and underground improvements. By developing a comprehensive approach, the PER will ultimately ensure a cost savings on the individual phases of construction. Through the strategic use of BSTF grant funds for forward-thinking projects like the Livingston PER, Prospera is committed to establishing a strong foundation for our region's business communities to build upon.

BSTF GRANT IMPACT 2013-2014:



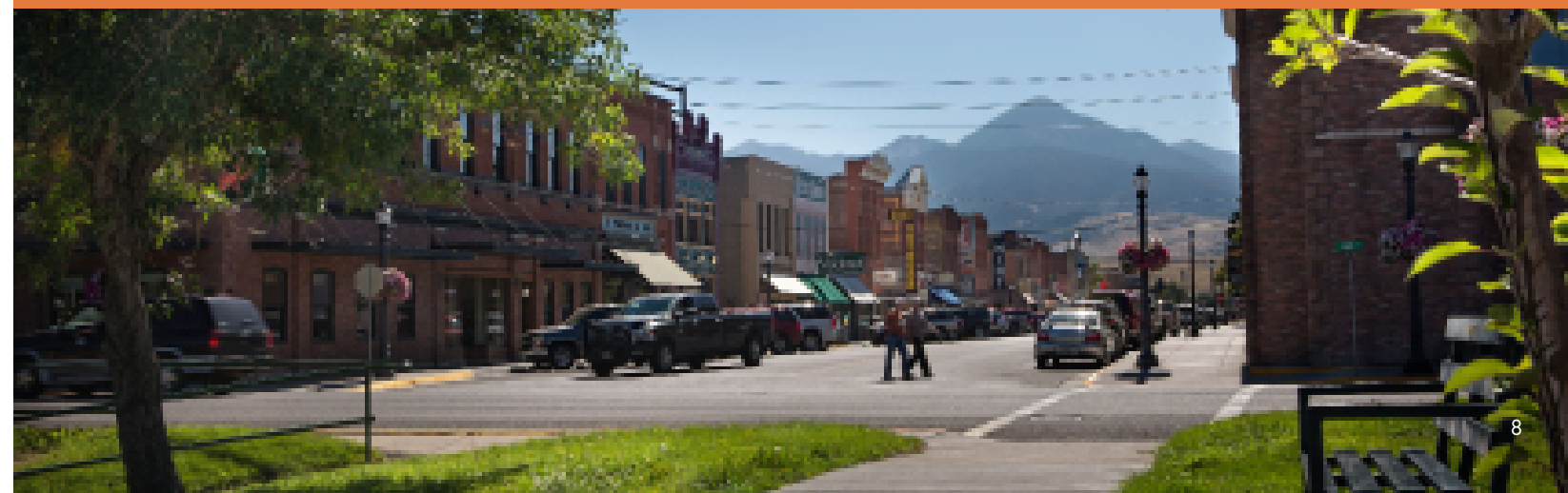
\$519,695
state grant funds awarded to projects

\$405,490
outside matching funds leveraged



“We finally have a comprehensive document that consolidates and recognizes years of citizen-led input, work with design committees, etc. to infuse into our Capital Improvement Plan process and ultimately enhance the design process for the downtown area.”

Shannon Holmes, Public Works Director,
City of Livingston



BUSINESS EXCELLENCE AWARD WINNERS

The Business Excellence Awards recognize businesses and individuals in five categories for their exceptional contributions to the region's business community.

INNOVATOR of the Year

406 Aerospace : Ehson Mosleh, President

A business recognized for creating new, innovative, sustainable, or value-added products or services, or an innovative business model.

406 Aerospace is a science and engineering company focused on applying state-of-the art technologies to develop, design and build small satellites. Its clients include NASA.



2014 Board President Jenni West with Ehson Mosleh

Jon Slye & Jay Thane : Copper Whiskey Bar & Grill

An individual or team (in business less than five years) recognized for exceptional performance.

Jon and Jay achieved immediate success after opening Copper in March 2013. They employ nearly 50 people, are dedicated to supporting Montana distilleries, breweries and produce providers, and are active members of the community.



ENTREPRENEURS of the Year

WOMAN ENTREPRENEUR of the Year

Noelle Kehoe : The Daily Coffee Bar

A woman business owner recognized for exceptional leadership and performance. The winner must have at least 51 percent ownership in the business.

Noelle started The Daily Coffee Bar from scratch when she was 23 and turned it into a very successful business with two thriving locations and approximately 30 employees.



Rebecca Mahurin : MSU Technology Transfer Office

An individual leader (from government, non-profit or business) who has made a significant contribution to the economic development of our area.

Since 2003, under Becky's leadership, the MSU TTO has executed roughly 198 licenses or options with Montana companies and entrepreneurs seeking commercialization. She has specifically helped foster the laser-optics and biomedical industry clusters in the Gallatin Valley. Becky has also been involved in statewide economic development in a variety of leadership roles.



ECONOMIC LEADERSHIP Award

BUSINESS of the Year

Gibson Brands Inc. Acoustic Division

An established business (in business for five or more years) recognized for its significant contribution to the economic development of our area.

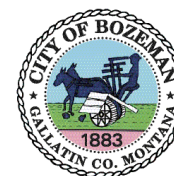
Gibson Guitar moved acoustic guitar production to the Gallatin valley from Nashville, TN in 1986. They employ approximately 150 people, increased daily production by 80% in 4 years and are committed to good corporate citizenship.



Josh Taborski, GM of Gibson Brands Inc. Acoustic Division

Community Leader MEMBERS

BOZEMAN DAILY
CHRONICLE
empowering the community



Executive MEMBERS

ABC Fox of Montana
AlphaGraphics
First Security Bank
Holmes & Turner
Takeda Vaccines, Inc.
NorthWestern Energy
U.S. Bank

2014 Board of DIRECTORS

Executive Committee

PRESIDENT : **JENNI WEST**
MONTANA MANUFACTURING EXTENSION CENTER

PAST-PRESIDENT :
KATHLEEN JOHNSON
WEST PAW DESIGN

PRESIDENT-ELECT : **NICK ZELVER**
MONTANA STATE UNIVERSITY

TREASURER : **LARRY MIKKOLA**
TAKEDA VACCINES, INC.

JEFF BURGARD ALPHAGRAPHICS

CHRIS DARNELL BOZEMAN HEALTH

ERIN GALLINGER WELLS FARGO BANK

DAWN HAYES FIRST INTERSTATE BANK

MICHAEL MAHON STOCKMAN BANK

JERI NORRIS FIRST SECURITY BANK

DENNIS O'BRIEN D. O'BRIEN & ASSOCIATES, LLC

KURT RATZ CTA ARCHITECTS ENGINEERS

LILIA TYRELL KASTING, KAUFFMAN & MERSEN, PC

MIKE WILLIAMS HUBLEY, PHILLIPS, & WILLIAMS, PLLP

Revolving Loan Fund COMMITTEES

BOZEMAN

Brit Fontenot City of Bozeman

Erin Gallinger Wells Fargo Bank

Chris Mehl City of Bozeman

Tracy Menuetz HRDC

Mike Money Big Sky Western Bank

Scott Nicholson First Interstate Bank

LIVINGSTON/PARK COUNTY

Rebecca Hale Community Health Partners

Bob Gersak Retired (First Interstate Bank)

Daryl Hansen Daryl Hansen Agency

Brad Hanson First Interstate Bank

Dawn Hayes First Interstate Bank

Cyndy Rigler Western Home Mortgage

IRP

Jon Ayres First Security Bank

Michael Mahon Stockman Bank

Bryan Robertus Advanced Electronic
Designs, Inc.

Dick Siess Stockman Bank

Larry Watson Gallatin County

Montana WBC ADVISORY BOARD

Crystal Baker

U.S. Small Business Administration

Ris Higgins

Leadership Outfitters

Marley McKenna

Taco del Sol

Jeri Norris

First Security Bank

Callan Nagy

Stockman Bank

Suzi Taylor

Montana State University

Jenni West

Montana Manufacturing Extension Center

Kathy Wojcik

Bluhron Coaching & Consulting

Thank You
MEMBERS



Panelist Andrew Hull, Founder & President of Elixiter, shares his company's candidate evaluation form during a "Sensational Hiring Strategies" TechAlliance training event.

OUR MEMBERS ARE OUR
GREATEST RESOURCE

Prospera's programs and services are all made possible thanks to the support of our members. Together, we are facilitating a healthy, sustainable business community.

Member list reflects current members as of December 31, 2014 and are listed within their industry by level of support and then alphabetically.

*Indicates Founders' Club members, the 36 businesses that joined between 1985 and 1990 who remain Prospera members to this day.

ACCOUNTING

- *Holmes & Turner
- Hubley, Phillips, & Williams PLLP
- JCCS, P.C.
- Gina Jones, CPA, PLLC
- *Galusha, Higgins & Galusha, CPAs
- Penor & Associates, CPAs
- Rosie Triantis Bookkeeping Services

ATTORNEYS

- Kasting, Kauffman & Mersen, PC
- Crowley Fleck, PLLP
- *Moore, O'Connell & Refling, PC

CONSTRUCTION/RELATED

- Sime Construction, Inc.
- CTA Architects Engineers
- Empire Building Materials, Inc.
- *Knife River Corporation
- L&L Site Services, Inc.
- *Simkins-Hallin Lumber
- Southwest Montana Building Industry Assoc.
- *Big Sky Insulations, Inc.
- C&H Engineering and Surveying, Inc.
- Fantasia Showrooms
- KLJ Engineering
- Langlas & Associates

CONSULTATION SERVICES

- Compass Advisors
- Leadership Outfitters
- Magpie Consulting
- Plazby Solutions

EDUCATION

- Montana State University
- Gallatin College MSU
- Health Works Institute
- Bozeman Public Library
- Bozeman Public Schools

EMPLOYMENT

- LC Staffing
- *Bozeman Job Service

FINANCE & BANKING

- *First Interstate Bank
- *First Security Bank
- *U.S. Bank
- Big Sky Western Bank
- *Opportunity Bank of Montana
- Stockman Bank
- Wells Fargo Bank
- American Bank
- Mountain West Bank
- Rocky Mountain Bank
- Bank of Bozeman
- D.A. Davidson & Co.
- Edward Jones | Jim Hamilton
- Edward Jones | Kris Kumlien
- First Montana Bank
- Manhattan Bank

HEALTH SERVICES/ WELLNESS

- *Bozeman Health
- Next Healthcare Incorporated
- Granite Sports Medicine
- *Advanced Performance & Rehabilitation Services
- Bear Canyon Acres
- Home Instead Senior Care

HOSPITALITY

- *Best Western Plus GranTree Inn
- Holiday Inn Bozeman
- Bozeman Yellowstone International Airport
- Holiday Inn Express
- Sola Café
- ADOUR Good Food, LLC
- Baxter Main/ Baxter Hospitality
- Bountiful Table, The
- Clark's Fork
- Taco del Sol
- Venus Catering

INSURANCE

- Blue Cross Blue Shield of Montana
- *First West Insurance
- *State Farm Insurance-Rust Agency

LOCAL GOVERNMENT

- City of Bozeman
- City of Belgrade
- Gallatin County
- City of Livingston
- Montana Technology Innovation Partnership

MANUFACTURING

- Béquet Confections
- Gibson Brands Inc. Acoustic Division
- Montana Manufacturing Extension Center
- Simms Fishing Products
- Takeda Vaccines, Inc.
- West Paw Design
- Plastic Design & Manufacturing
- Autopilot, Inc.
- Dobeck Performance
- Lattice Materials
- Midwest Welding & Machine, Inc.
- Montana Black Gold
- Mystery Ranch
- Newport Corporation (ILX Lightwave)
- *Schnee's
- Spark R&D
- TowHaul/Smith Equipment USA
- Vista Outdoor - Blackhawk

MANUFACTURING-PRINTING

- *AlphaGraphics
- Allegra Bozeman
- Executive Services
- PrintingForLess.com

MARKETING/MEDIA

- *Bozeman Daily Chronicle
- ABC Fox of Montana
- Prime Incorporated
- PromoWest

MARKETING/MEDIA CONT.

- Engine 8 Design
- Big Storm
- Elixiter, Inc.
- Markouture
- Montana Parent Magazine
- Sunrift Studios

NONPROFIT ORGANIZATIONS

- Bozeman Area Chamber of Commerce
- Bozeman Business & Professional Women
- American Computer Museum
- Belgrade Chamber of Commerce
- Big Sky Chamber of Commerce
- Bozeman Health Foundation
- Downtown Bozeman Partnership
- Eagle Mount Bozeman
- Livingston Area Chamber of Commerce
- Manhattan Area Chamber of Commerce
- Montana CDC
- Montana World Trade Center
- Museum of the Rockies
- Yellowstone Park Foundation

OTHER SERVICES

- *Gallatin Laundry Co.
- Buffalo Restoration
- Citizen Lucida Photography
- Frontline Processing

REAL ESTATE/RELATED

- Double B Properties
- *ERA Landmark Real Estate
- *American Land Title Company
- *Appraisal Services
- Gene Cook Real Estate
- Keller Williams Montana Realty
- *McKenna Realty
- MSR North Associates
- NAI Landmark Commercial Real Estate
- Berkshire Hathaway HomeServices Montana Properties
- *Security Title Company of Montana

RETAIL/WHOLESALE

- Alara Jewelry
- *Lehrkind's Coca-Cola
- Murdoch's Ranch & Home Supply
- *Billion Auto Group
- Quality Foods Distributing
- *Bozeman Furniture & Appliance
- Bozeman Self Storage
- *Cashman Nursery
- Community Food Co-op
- *D&R Coffee Services, Inc.
- HeadRoom
- Heyday
- *House of Clean, Inc.
- Movie Lovers, Inc.
- New Clothesline Company, The
- *Owenhouse Ace Hardware
- *Pierce Flooring
- *Universal Athletic Service
- Willie's Distillery

TECHNOLOGY

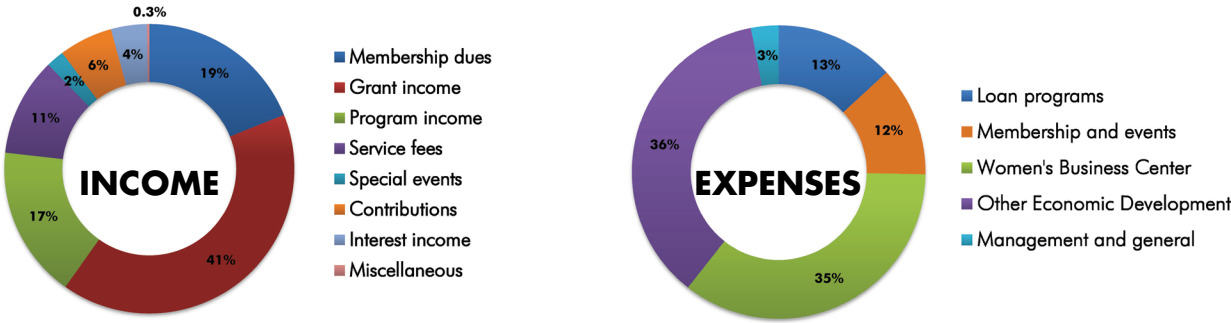
- Acadeus
- Advanced Electronic Designs, Inc.
- Bridger Photonics, Inc.
- Connect Telephone & Computer Group
- TechLink
- Zoot Enterprises
- BioScience Laboratories
- Davis Business Machines
- eWranglers
- Granite Technology Solutions, Inc.
- MicroLab, Inc.
- MSU Innovation Campus
- Quantel USA
- Scientific Materials Corp.

UTILITIES

- *NorthWestern Energy
- *CenturyLink

| ASSETS | DECEMBER 31, 2014 |
|---|-------------------|
| Current Assets | |
| Cash and cash equivalents | \$ 145,319 |
| Restricted cash | 1,464,402 |
| Membership dues receivable | 4,000 |
| Contracts and grants receivable | 17,030 |
| Prepaid expenses | 8,900 |
| USDA intermediary relending program, current portion | 88,321 |
| Contracted revolving loan programs receivable (net) | 689,597 |
| Total current assets | 2,417,569 |
| Equipment | |
| Office equipment | 20,012 |
| Less: accumulated depreciation | (20,012) |
| Total equipment | - |
| Other assets | |
| USDA intermediary relending program, receivable (net) | 265,003 |
| Deposits | 1,600 |
| Total other assets | 266,603 |
| Total assets | \$ 2,684,172 |
| LIABILITIES AND NET ASSETS | DECEMBER 31, 2014 |
| Current liabilities | |
| Current portion of long-term debt | \$ 30,960 |
| Accounts payable and accrued expenses | 27,088 |
| Deferred revenue | 1,065 |
| Due to subgrantee | 10,288 |
| Refundable advances | 45,642 |
| Accrued interest payable | 4,333 |
| Revolving loan programs payable | 1,718,822 |
| Total current liabilities | 1,838,198 |
| Long-term debt | |
| Notes payable, net of current portion | 818,501 |
| Total long-term debt | 818,501 |
| Total liabilities | 2,656,699 |
| Net assets | |
| Unrestricted | 27,473 |
| Total net assets | 27,473 |
| Total liabilities and net assets | \$ 2,684,172 |

| UNRESTRICTED | DECEMBER 31, 2014 |
|--|-------------------|
| Revenues and other support | |
| Membership dues | \$ 118,150 |
| Grant income | 253,778 |
| Program income | 102,670 |
| Service fees | 66,192 |
| Special events, net of direct benefits to attendees of \$8,305 | 14,320 |
| Contributions | 35,590 |
| Interest income | 22,123 |
| Miscellaneous | 1,674 |
| Total revenues and other support | 614,497 |
| Expenses | |
| Program services | |
| Loan programs | 82,189 |
| Membership and events | 76,158 |
| Women’s Business Center | 216,438 |
| Other Economic Development | 221,641 |
| Total program services | 596,426 |
| Supporting services | |
| Management and general | 17,891 |
| Total expenses | 614,317 |
| Change in net assets | 180 |
| Net assets, beginning of year | 27,293 |
| Net assets, end of year | \$ 27,473 |



* The Consolidated Financial Position and Statement of Activities presented as of December 31, 2014 were audited by Holmes & Turner, who issued an unmodified opinion dated September 22, 2015.



Marley McKenna, owner of Taco del Sol in Bozeman, pictured with fellow participants at a Montana Women's Business Center training event.



Montana Women's
BUSINESS CENTER

2015 CHARLOTTE STREET. SUITE 1 | BOZEMAN, MT 59718

PH 406.587.3113 FAX 406.587.9565 www.prosperabusinessnetwork.org

Prospera Business Network is a member-supported non-profit economic development organization in southwestern Montana whose purpose is to advance, challenge and inspire our regional business communities. Originally established in 1985 as the Gallatin Development Corporation, Prospera plays a leading role in economic development serving a region that is one of the fastest growing economic areas in the northern Rocky Mountains. Prospera is dedicated to supporting business expansion, retention and relocation by providing access to business consulting, financing, professional development and economic research.



The Montana WBC is a program of Prospera Business Network and is funded in part through a Cooperative Agreement with the U.S. Small Business Administration. All opinions, conclusions or recommendations expressed are those of the author(s) and do not necessarily reflect the views of the SBA.