



Dear Child Care Applicant:

Thank you for contacting Self-Help about a loan for your child care. We look forward to working with you to find financing that best meets your needs. To make this process easier, please take a moment to read the following information about the application process and paperwork.

How does Self-Help decide if I qualify for a loan?

We review the following items to decide if you qualify for a loan. If we spot weakness in one area of the application, we are willing to look for strength in another area. If we spot a weakness in more than one area, though, we may not be able to offer a loan at this time.

- Management – do you have a successful financial track record and do you run a quality program?
- Cash flow – does your income cover your expenses? If not, you must have enough equity or net assets to cover foreseeable losses.
- Collateral – what collateral is available to secure the loan? Collateral is especially important if your organization is not strong financially, is a start-up, or if the owner does not have a positive credit history.
- Equity – does your organization have a positive net worth through owner investment, retained earnings or net assets?
- Credit history – do you and your organization meet your credit obligations responsibly?

What forms do I submit to apply for a loan?

A checklist of items you need to submit to us is on page 2 of this package. Most of the forms you need to submit are in the attached pages. A few items we will need, such as your tax returns, are **not** forms in this package. Just follow the checklist and you'll stay organized.

What do I do when I have my application package completed?

Please mail or deliver your completed application package to the loan officer listed on the business card with this package. This is who will work with you on your application. (If there is not a business card enclosed, then please call a nearby Self-Help branch and ask for the loan officer's name.)

What should I make sure not to forget?

Sign all forms where indicated. The items requiring your signature include the personal financial statement, the commercial loan application form, and your tax returns. Also, before you mail your completed loan application package to us, make a copy of the application package to keep for yourself. We keep all application materials sent to us and cannot return submitted forms.

If you have any questions about this package, the forms, or the application process, please feel free to contact your loan officer or the nearest Self-Help branch.

Our locations

| | | |
|-----------------------|--|----------------------------------|
| Asheville: | 34 Wall St., Suite 704, Asheville, NC 28801 | (828) 253-5251 (800) 2297428 |
| Charlotte: | 926 Elizabeth Ave., Suite 302, Charlotte, NC 28204 | (704) 409-5900 (800)394-7428 |
| Durham: | 301 W. Main St, PO Box 3619, Durham, NC 27702 | (919) 956-4400 (800) 475-7428 |
| Greenville: | 301 S. Evans Street, Suite 306, Greenville, NC 27858 | (252) 752-8866 (800) 893-9669 |
| Wilmington-Cape Fear: | 1100 New Pointe Blvd., Suite 4, Leland, NC 28451 | (910) 371-2034 |



CHILD CARE LOAN APPLICATION CHECKLIST

To provide you with the most efficient service, we ask that you please submit a complete application package. Please mail or deliver your completed application package to the loan officer listed on the business card with this package. This is who will work with you on your application. (If there is not a business card enclosed, then please call a nearby Self-Help branch and ask for the loan officer's name.) If you have questions concerning application forms or materials, feel free to call your loan officer.

Make a check in the appropriate box after you have included the item in your loan package. Please be aware that your loan officer may request additional items after receiving your loan application package.

| Include these items with your loan application package | Check off when completed |
|--|--------------------------|
| Signed Child Care Loan Application (enclosed) | |
| Signed Personal Financial Statement (enclosed) <i>If married, submit a joint statement with your spouse.</i> | |
| Copy of Personal Federal Tax Returns for Most Recent 2 Years* | |
| Copy of Business Federal Tax Returns for Most Recent 2 Years | |
| Internal or Audited Financial Statements for Most Recent 2 Years (for existing businesses only) <i>Not required for loans under \$35,000.</i> | |
| Current Year Internal Financial Statements Within the Last 60 Days (for existing businesses only) | |
| Projected Monthly Cash Flow for 12 Months <i>A form is enclosed as a guide. You do not need to use it as long as you provide us with similar information.</i> | |
| Business Notes Payable Schedule (enclosed) | |
| Resume(s) of Key Management and a list of your Board of Directors with their affiliations, if you are a nonprofit organization | |
| Signed Disclosure Statement (enclosed) | |
| Project Budget, Plans, and Bids/Estimates from contractors for renovation/construction projects <i>(if applicable)</i> | |

*Nonprofit organizations may not need to provide personal guarantees for a loan depending on certain credit underwriting criteria. To determine if this is applicable to your organization, please call Self-Help.



CHILD CARE LOAN APPLICATION

Business or Organization Name _____ Who referred you to us? _____
 Street Address _____ City _____
 State _____ Zip Code _____ County _____ Federal Tax ID # (if incorporated) _____
 Date Started _____ Today's Date _____

Legal Structure (check one)
 C Corporation S Corporation Nonprofit Corporation Are you thinking about changing your legal structure? Yes No
 Legal Partnership Sole Proprietorship Limited Liability Corporation

Contact Person _____ Business Phone () _____
 Home Phone () _____ E-mail _____

Number of employees now _____ How many jobs will this loan create? _____

Briefly describe your business or organization and what you plan to do with this loan _____

PROJECT INFORMATION:

Uses of Funds: *Total uses should equal total sources.*

Sources of Funds: *Total sources should equal total uses.*

Land and/or Building Purchases \$ _____
 New Building Construction \$ _____
 Building Improvements \$ _____
 Indoor Equipment \$ _____
 Playground Equipment \$ _____
 Working Capital \$ _____
 Other _____ \$ _____
 Other _____ \$ _____
Total Project Uses \$ _____

Loan Requested \$ _____
 Owner's Investment \$ _____
 Other Funding Sources \$ _____
 Specify Source: _____
Total Project Sources \$ _____

COLLATERAL INFORMATION:

| Assets available to secure this loan | Value of Asset | Loans on Asset | Address of Asset |
|--------------------------------------|----------------|----------------|------------------|
| Property 1 | \$ _____ | \$ _____ | |
| Property 2 | \$ _____ | \$ _____ | |
| Vehicle | \$ _____ | \$ _____ | |
| Equipment | \$ _____ | \$ _____ | |
| Other (specify): | \$ _____ | \$ _____ | |
| Other (specify): | \$ _____ | \$ _____ | |

Names of Possible Co-Signers for Loan Request: _____

CHILD CARE PROGRAM INFORMATION:

EXISTING CHILD CARE PROGRAMS ONLY: Please indicate which of the following describes your child care (check all that apply):

- Small child care home For-profit
- Center-in-residence Nonprofit
- Center Accredited by the NAEYC
- Number of stars Accredited by NAFCC

Do you operate more than one center? Yes No If yes, how many? _____

Have any disciplinary actions been taken toward you or your child care program within the last two years?
 Yes No

If yes, when and why? _____

EXISTING AND START-UP CHILD CARE PROGRAMS: Describe the program you plan to operate after receiving this loan (check all that apply):

- Small child care home For-profit
- Center-in-residence Nonprofit
- Center Accredited by the NAEYC
- Number of stars Accredited by NAFCC

Name of your consultant: _____ Consultant's phone number: _____

Your child care license/registration number: _____

| | Rates you charge (per week and per month) | # of children for which you are licensed | # of children on a typical day | # of children receiving subsidies | Hours you are open | # of staff (full time equivalent) |
|--------------------|---|--|--------------------------------|-----------------------------------|--------------------|-----------------------------------|
| Before Loan | | | | | | |
| Infant | | | | | | |
| Toddler | | | | | | |
| 3-5 Year Olds | | | | | | |
| After-School | | | | | | |
| Total | | | | | | |
| After Loan | | | | | | |
| Infant | | | | | | |
| Toddler | | | | | | |
| 3-5 Year Olds | | | | | | |
| After-School | | | | | | |
| Total | | | | | | |

Describe your competition by listing other child care providers in your area, their rates and their waiting list size:

| Child care name | Infant rate | Toddler rate | 3-5 year old rate | After-school rate | # of children on waiting list |
|-----------------|-------------|--------------|-------------------|-------------------|-------------------------------|
| | | | | | |
| | | | | | |
| | | | | | |

Have you ever been convicted of a crime? ___Yes ___No (Self-Help reserves the right to check your criminal record)

If yes, when and why? _____

ELIGIBILITY FOR NC DIVISION OF CHILD DEVELOPMENT LOAN PROGRAM:

The following two questions may help you qualify for a special loan program that has a fixed interest rate lower than Self-Help’s standard loan rate.

This loan would (check all that apply):

- Solve a compliance problem identified by the state consultant, building inspector, health inspector or fire inspector (please attach copy of written report)
- Allow this child care to become registered or to expand
- Pay for improvements to make the child care accessible to persons with disabilities
- Allow this day care to increase its star rating or to meet NAEYC or NAFCC standards (please explain how) _____
- Add square footage to a building

To be considered for this loan program, sponsored by the NC Division of Child Development, you must maintain your compliance with the requirements of North Carolina’s subsidized care program and make services available to subsidized children until the loan is fully repaid. Do you agree to these requirements? (Regardless of your answer, you may still be eligible for a standard Self-Help child care loan.)

___Yes ___No

START-UP LOAN INFORMATION:

If you are applying for a start-up loan, please answer the following questions:

Describe the qualifications and experience of your management and other employees, and any outside professional services (accountants, attorneys, etc.):

| Name | Company (if applicable) | Relationship to you (i.e. employee, lawyer) | Experience and Qualifications |
|------|----------------------------|--|-------------------------------|
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Describe the market area, market trends, and customers you will service. Describe your advertising, promotions, and customer service.

What are your plans for growth or expansion? How does this relate to working capital, equipment and /or your building (location, size, age, zoning, condition)?

MANAGEMENT INFORMATION AND ACKNOWLEDGMENTS:

Please read the following and complete the information below. Each individual owner of 20% or more of this business must sign below and fill in the information requested. For nonprofit organizations, please provide this information for the Executive Director, Treasurer and/or Board Chairperson.

The undersigned hereby certifies that the information contained in this application and related materials is true and correct. The undersigned hereby further certifies that the proceeds of any loan made as a result of this application will be used for business or organizational purposes only, and will not be used for personal or consumer purposes. The undersigned hereby affirms that he or she does not discriminate on the basis of race, color, religion, national origin, gender, marital status or age. The undersigned hereby acknowledges that (1) no loan officer has authority to commit Self-Help to any loan without prior approval by Self-Help’s credit committee and (2) any loan commitment must be in writing and signed by an authorized representative of Self-Help. Self-Help is authorized to make all inquiries Self-Help deems necessary to verify the accuracy of this statement and to determine the creditworthiness of the business or organization. The undersigned also authorizes Self-Help to answer questions and inquiries from others seeking credit experience information about the business or organization.

The undersigned certifies that s/he has the authority to enter into a contract for the child care center or home listed on this application, and gives permission for the NC Division of Child Development staff to discuss this application with the staff of Self-Help.

| | | |
|-------------------------------|-------------------------------|-------------------------------|
| Name (print)_____ | Name (print)_____ | Name (print)_____ |
| Address_____ | Address_____ | Address_____ |
| SSN or TIN ____ / ____ / ____ | SSN or TIN ____ / ____ / ____ | SSN or TIN ____ / ____ / ____ |
| Date of Birth_____ | Date of Birth_____ | Date of Birth_____ |
| % Ownership _____ | % Ownership _____ | % Ownership _____ |
| Title/Function_____ | Title/Function_____ | Title/Function_____ |
| Signature_____ | Signature_____ | Signature_____ |
| Date _____ | Date _____ | Date _____ |

Please send this application form and the other items listed on the application checklist to the Self-Help loan officer listed on the business card enclosed in this package. Your application cannot be processed until we receive all required materials. Remember to make a copy of the materials for yourself since we will not be able to return them to you. Questions? Call us at the locations listed below.

Self-Help Office Locations

| | | | |
|-----------------------|--|----------------|----------------|
| Asheville: | 34 Wall St., Suite 704, Asheville, NC 28801 | (828) 253-5251 | (800) 229-7428 |
| Charlotte: | 926 Elizabeth Ave., Suite 302, Charlotte, NC 28204 | (704) 409-5900 | (800) 394-7428 |
| Durham: | 301 W. Main St., PO Box 3619, Durham, NC 27702 | (919) 956-4400 | (800) 476-7428 |
| Greenville: | 301 S. Evans Street, Suite 306, Greenville, NC 27858 | (252) 752-8866 | (800) 893-9669 |
| Wilmington-Cape Fear: | 1109 New Pointe Blvd., Suite 4, Leland, NC 28451 | (910) 371-2034 | |

PERSONAL FINANCIAL STATEMENT

Indicate which this is: **Individual Financial Statement** _____ OR **Joint Financial Statement** _____ As of Date _____
If married, you must submit a joint statement with your spouse.

Complete this form for: (1) each proprietor OR (2) each limited partner who owns 20% or more interest and each general partner OR (3) each stockholder owning 20% or more of voting stock OR (4) any other person or entity providing a guaranty on the loan.

| | | | |
|--|------------------|--|------------------|
| Name of First Individual | | Name of Second Individual | |
| Social Security Number or Taxpayer Identification Number (TIN) | | Social Security Number or Taxpayer Identification Number (TIN) | |
| Address | Yrs. at Address | Address | Yrs. at Address |
| City, State, Zip | Birth Date | City, State, Zip | Birth Date |
| Employer | Yrs. at Employer | Employer | Yrs. at Employer |
| Home Phone () | Work Phone () | Home Phone () | Work Phone () |

| | |
|---|---|
| <p>ASSETS (Omit cents.)</p> <p>Cash (Complete Section 1) \$ _____</p> <p>Savings Accounts (also include in Section 1) \$ _____</p> <p>IRA or Other Retirement Account \$ _____</p> <p>Accounts and Notes Receivables \$ _____</p> <p>Life Insurance--Cash Surrender Value Only (Complete in Section 7) \$ _____</p> <p>Stocks and Bonds (Describe in Section 4) \$ _____</p> <p>Real Estate (Describe in Section 5) \$ _____</p> <p>Automobile(s)--Present Value \$ _____</p> <p>Other Assets \$ _____</p> <p>TOTAL ASSETS \$ _____</p> | <p>LIABILITIES (Show total balances due. Omit cents.)</p> <p>Accounts Payable \$ _____</p> <p>Installment and Revolving Credit Accounts (Describe in Section 3) \$ _____</p> <p>Loan on Life Insurance \$ _____</p> <p>Mortgages on Real Estate \$ _____</p> <p>Unpaid Taxes (Describe in Section 6) \$ _____</p> <p>Other Liabilities (Describe in Section 6) \$ _____</p> <p>TOTAL LIABILITIES \$ _____</p> <p>NET WORTH (Assets minus Liabilities) \$ _____</p> |
|---|---|

| <p>Section 1. Deposit Accounts</p> <table style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 30%;">Financial Institution</th> <th style="width: 20%;">Acct. Number</th> <th style="width: 20%;">Acct. Type</th> <th style="width: 30%;">Balance</th> </tr> </thead> <tbody> <tr><td> </td><td> </td><td> </td><td> </td></tr> <tr><td> </td><td> </td><td> </td><td> </td></tr> <tr><td> </td><td> </td><td> </td><td> </td></tr> <tr><td> </td><td> </td><td> </td><td> </td></tr> </tbody> </table> | Financial Institution | Acct. Number | Acct. Type | Balance | | | | | | | | | | | | | | | | | <p>Section 2. Sources of Annual Income</p> <p>Salary/Wages \$ _____</p> <p>Net Investment Income \$ _____</p> <p>Real Estate Income \$ _____</p> <p>Other Income* (describe below) \$ _____</p> <p>TOTAL ANNUAL INCOME \$ _____</p> |
|---|-----------------------|--------------|------------|---------|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|---|
| Financial Institution | Acct. Number | Acct. Type | Balance | | | | | | | | | | | | | | | | | | |
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***Other Income** (alimony, child support or separate maintenance income do not need to be listed if you do not want to have them considered as a basis for repaying this obligation):

Section 3. Installment Loans, Credit Accounts and Auto Payments (Please label and sign any attachments to this section.)

| Noteholder(s) Name and Address | Original Balance | Current Balance | Monthly Payment | How Secured /Endorsed? Type of Collateral? |
|--------------------------------|------------------|-----------------|-----------------|--|
| | | | | |
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| Section 4. Stocks and Bonds (Please label and sign any attachments to this section.) | | | | | |
|---|--------------------|------|---------------------------------|----------------------------|-------------|
| Number of Shares | Name of Securities | Cost | Market Value Quotation/Exchange | Date of Quotation/Exchange | Total Value |
| | | | | | |
| | | | | | |

| Section 5. Real Estate Owned (List each parcel separately. Please label and sign any attachments to this section.) | | | |
|---|------------|------------|------------|
| | Property A | Property B | Property C |
| Type of Property (residential / commercial) | | | |
| Title in Name of: | | | |
| Address | | | |
| Date Purchased | | | |
| Original Cost | | | |
| Present Market Value | | | |
| Name and Address of Mortgage Holder | | | |
| Mortgage Balance | | | |
| Amount of Payment per Month | | | |

| Section 6. Other Liabilities | | | |
|--|-----|----|---|
| | Yes | No | If yes, describe below or on a separate attachment. |
| Are you a guarantor, co-maker or endorser for any debt of another? | | | |
| Are you currently liable on any lease or contract? | | | |
| Are there any suits or legal actions pending against you? | | | |
| Are any tax obligations past due? | | | |
| Are you obligated to pay alimony, child support or separate maintenance payment? | | | |
| Have you ever had a judgment recorded against you? | | | |
| Have you ever filed bankruptcy? If yes, list date of discharge. | | | |

| Section 7. Life Insurance Held | | | | |
|--|-----------------------|----------------------|-----------------|---------------------|
| Name of Person Insured / Insurance Company | Face Amount of Policy | Cash Surrender Value | Loans on Policy | Is Policy Assigned? |
| | | | | |
| | | | | |

I am providing this financial statement for the purpose of obtaining or maintaining credit with SELF-HELP on my behalf or on behalf of others whose credit I may endorse, cosign or guarantee. I understand that SELF-HELP is relying on the information provided within this statement (including the designations made as to ownership of property) in deciding to grant or continue credit. I certify that THE INFORMATION PROVIDED IS TRUE AND COMPLETE and that SELF-HELP may consider this statement to be true and correct until a written notice of a change is given to SELF-HELP. SELF-HELP is authorized to make all inquiries SELF-HELP deems necessary to verify the accuracy of this statement and to determine my creditworthiness. I also authorize SELF-HELP to answer questions and inquiries from others seeking credit experience information about me. If this is a joint financial statement, these representations and warranties are from each of us. I HAVE READ, UNDERSTAND, AND HEREBY MAKE THESE REPRESENTATIONS AND WARRANTIES.

Signature _____ Date _____ Signature _____ Date _____

This page will help you fill in the “Revenues” and “Expenses” sections of the Cashflow Spreadsheet on the preceding page. Enclose this page with your application.

Information from this chart is used in lines 8-11 on the Cashflow Spreadsheet.

| # | | Average Tuition for Private Pay Children | Average Tuition for All Subsidized Children |
|---|--|--|---|
| Children (Ages 0-5) | | | |
| 1. | Infants | | |
| 2. | Toddlers | | |
| 3. | 3-5 Years | | |
| 4. | Average Tuition for Children Ages 0-5* | | |
| After School, Summer and Part-Time | | | |
| 5. | After School | | |
| 6. | Summer | | |
| 7. | Part-Time (Ages 0-5) | | |

*Add lines 1, 2 and 3, then divide the sum by 3. Copy that number onto line 4 of this chart.

If you provide 2nd or 3rd shift care, please check here:

Information from this chart is used in lines 19-20 on the Cashflow Spreadsheet.

| | |
|---------------------------------------|---|
| Average teacher pay rate/hour: | Average assistant pay rate/hour: |
| Rate/Hour: | Rate/Hour: |
| # of teachers: | # of assistants: |

Please list Other Expenses here. Copy the total onto line 41 of the Cashflow Spreadsheet:

| # | Expense Description | Expense Total Per month |
|--------------|---|-------------------------|
| 1 | | |
| 2 | | |
| 3 | | |
| 4 | | |
| 5 | | |
| Total | Total Expenses (Enter total on line 41 of previous page) | |

BUSINESS NOTES PAYABLE SCHEDULE



Date _____

Please include on this schedule all existing notes and long-term leases of your business, including mortgages, revolving credit arrangements, factoring agreements, equipment leases and any other type of debt, secured or unsecured.

| Creditor | Original Amount | Original Date | Balance Due | Interest Rate | Maturity Date | Monthly Payment | Collateral |
|----------|-----------------|---------------|-------------|---------------|---------------|-----------------|------------|
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DISCLOSURE OF RIGHT TO REQUEST SPECIFIC REASONS FOR CREDIT DENIAL

The undersigned Applicant hereby acknowledges that he/she is aware that under the provisions of the Equal Credit Opportunity Act, he/she has the right to receive a written statement of the specific reason(s) for the denial if this application for credit is denied. To obtain the statement, please contact Self-Help, Attention: Commercial Loan Department, 301 West Main Street, Durham, North Carolina 27701 within sixty (60) days from the date of notification of the credit denial. Self-Help will send the Applicant a written statement of the reason(s) for the denial within thirty (30) days of receiving the request for the statement.

Applicant _____

Date _____

**Please sign above and return this form to us with your application materials.
Retain a copy for your files.**

**301 West Main Street
P.O. Box 3619
Durham, NC 27702-3619
(919) 956-4400
FAX (919) 956-4600
www.self-help.org**

HELPFUL HINTS FOR CHILD CARE PROVIDERS

We believe these hints will be useful whether you are planning to start a child care program or are an experienced child care professional. The first section offers some tips for starting-up or expanding – whether at home or in a center – and for saving money and enhancing program quality. The second section provides a list of resources, usually free, that are available to assist child care providers with curriculum and business planning concerns. We are grateful to many child care providers and members of the broader child care community for these ideas.

BUSINESS TIPS

Call Self-Help or check our web site at www.self-help.org: Our web site provides information for free download. Topics include: pros and cons of nonprofit versus for-profit, historic tax credits, and cash flow spreadsheets designed specifically for nonprofits, child care, and charter schools.

Market area conditions: Key market factors that you should be aware of include the number of existing child care programs in the area, the capacity of these programs, the rates they charge, and the vacancy rates and/or waiting lists at the programs. Your local child care resource and referral agency may be able to help you obtain this information. The accessibility of your location for commuting parents is also key, as are local employment and residential growth trends. Check your library or Chamber of Commerce for information on growth trends.

Income targeting and subsidy programs: You also need to understand the market well enough to decide whether you will be targeting low-income, middle-income and/or affluent families. This decision will affect how much you can charge and whether or not you participate in the various child care subsidy and food programs. Under the star-rated license system, the more stars you have, the higher your reimbursement rate. If you plan to serve low-income families be sure to contact your local county DSS to gauge the availability of subsidy dollars in your area.

Caring for infants: Providing infant care can be a good business move. Frequently, market area demand is highest for infant care and you can charge a premium for such care. In addition, parents may keep their children with the same provider as they advance through the preschool years. On the downside, however, infant care is labor intensive.

Start-up timing: It is best to start in August/September or January, months when there are breaks in the school year. Parents are more likely to make changes in care arrangements after vacation breaks.

Food: Contracting out food service preparation during the start-up phase can save you the equipment costs associated with furnishing a kitchen. This step will also save the cost of hiring a cook and free you from overseeing meal planning and grocery shopping. While these savings are real, you will have to carefully manage the contract with the caterer. Consider participating in the Child and Adult Care Food Program. If your program qualifies, this national program will reimburse you for your food expenses, and thus add to your revenues. A training component is also part of the food program. If you run a child care home, contact your local Resource and Referral Agency or state child care consultant to find out how to apply. If you run a center, contact the state's Special Nutrition Program at (919) 715-1923. Food banks are another source to use to save on food costs. For centers that are nonprofit (501(c) 3) and serve 60% needy children (low income or special needs), food can be bought at a highly reduced rate of 14 cents per pound. There is a small membership fee for those who qualify. Call the statewide office in Raleigh (919) 875-0707 to find out the food bank that serves your county.

Economies of scale: Potential providers who are considering opening a child care center should be aware of the effect of economies of scale. Large centers have more flexibility to move teachers and

students around to adapt to both the staff:child ratios and teacher breaks. Small centers can be successful, but they have less flexibility to take advantage of economies of scale.

Working capital: All start-ups should have a minimum of three months of working capital (cash available to fill in the gap between revenue and expenses). Programs that will not open in August/September or January should have more working capital available.

Revenue projections: Providers should never project being more than 90% full. Projecting being full (90%) in less than six months is unrealistic. In fact, one expert believes it usually takes at least 24 months to become full. You might want to consider requiring parents to sign a payment agreement upon enrolling their child. This can help you manage problems regarding late payment and no payment. The agreement might require parents to give two weeks notice before taking their child out of the program or have them pay one week's tuition in advance.

Transportation: Providing transportation for parents is a costly service. It may also reduce the level of parental involvement. On the other hand, it can be used as a recruiting tool and, in the case of after-school child care, providing transportation for parents may be a necessity. If you choose to offer transportation, you should build the cost of offering the service into your fee structure.

Break-even analysis: "Break-even" occurs when business revenues equal business expenses, i.e., zero profit. The break-even concept is important for the start-up provider, because it is what determines the minimum enrollment necessary to break-even, or more simply, to not operate at a loss! An example can illustrate this point:

Example: Joy Childress is about to open a child care center. She divides her expenses into fixed and variable costs. She estimates her fixed costs -- those she must pay no matter how many children she has enrolled, such as her salary, utilities, rent/mortgage, insurance, and overhead -- to be \$4,000 per month. Since she is charging \$400 per child per month, she must enroll 10 children per month to cover her fixed costs, i.e. to break-even ($\$400/\text{month} \times 10 \text{ children} = \$4,000$).

She then needs to estimate her variable costs. Variable costs are costs that change with the number of children served, such as food, supplies, and extra teachers. Let's say that in her initial estimates they add up to another \$8,000 per month. Taking the same \$400 per child per month, she would need to add 20 more children ($\$400/\text{month} \times 20 \text{ children} = \$8,000$).

Thus, combining fixed and variable costs, Joy needs to take in at least 30 children to break-even. Based on these numbers, she needs to be sure that the space she intends to use will allow her to be licensed as a medium center. Otherwise, she will be forced to operate at a loss.

Break-even analysis is not an exact science. Instead of adding more children, she could charge higher rates or she could plan to enroll older children which would require her to hire fewer teachers because of the staff:child ratios. In other words, a change in one variable affects the others. The spreadsheet on Self-Help's website calculates your break-even automatically for you.

Personnel: The largest part of a child care budget is staff. There are several ways to save on personnel:

1. Recruit volunteers to help with clerical and administrative work, thus saving the director's time and the cost of hiring an administrative assistant.
2. Recruit volunteers to provide assistance to teachers: to allow you, your teachers and teaching assistants to devote more attention to the children.
3. See below for information about the T.E.A.C.H and WAGES™ program.
4. Contact government agencies to learn about public dollars that pay the salary of those needing job training and apprenticeship experience in child care settings. Specific programs and contacts include the Job Training Partnerships Act agency representative at your local community college and high school, Summer Youth Program representative at the high school, the Vocational Rehabilitation Agency, Foster Grandparents Program, Jobs Program representative at your

county Department of Social Services, Senior Employment Program or National Caucus for Black Aged at your Council on Aging, and Displaced Homemaker Program representative at your Council of Government office.

Be sure to ask the agency representative if salaries for these individuals will be provided and if some of the members of your own community that you may already know are eligible to receive pay under the program. Also, *be sure to screen all applicants to see if they are able to carry out these important child care responsibilities. Finally, be sure to offer the job training these people need and want if they are to become professional care givers.*

Donations: Gifts from friends, family and church members of toys, equipment, curtains, rugs, dress-up clothes, etc. will help save money. Local merchants may also donate furniture, carpet remnants, building supplies, or fences. In return, you can offer to tell parents about the merchants' generosity.

PLANNING RESOURCES

Several state and nonprofit agencies provide technical assistance on child care issues and/or business planning and management concerns. These services are generally available at little or no cost. Listed below is information about the services provided by the agency, where the agency is based, their service area, and how to reach them by phone to get more information.

NC Division of Child Development Child Care Consultants: State Child Care Consultants are employees of the NC Department of Human Resources Division of Child Development. They serve as liaisons between the state government and the local providers and are responsible for inspecting, licensing, monitoring, and supporting the child care facilities in their area. Consultants also provide technical assistance on child care regulations in workshops, seminars and classes. Each consultant has a specific geographic territory. To find the consultant for your area call: (919) 662-4499.

Resource and Referral Agencies: Resource and referral agencies (R&Rs) maintain up-to-date information about resources for starting and administering a child care program and can help assess the need for a new program. R&Rs also link parents to child care and work to improve the quality of child care in their service areas. Services provided by R&Rs include: maintenance of a database of child care programs, telephone child care referral, coordination of the food program for providers, training, and planning for community child care needs. Call Child Care Aware at (800) 424-2246 to find contact information for the R&R in your county.

Smart Start: Smart Start programs use their funding to improve the quality of child care by providing training opportunities for child care providers and, in some counties, by awarding grants to child care centers and home day care facilities. Smart start funds also may also be used to subsidize the cost of care for poor families. Other services that may be offered include health care screening for children, transportation, and family resource centers. For additional information regarding Smart Start efforts in your county, contact the North Carolina Partnership for Children at (919) 821-7999.

Department of Social Services Child Care Coordinators: The states child care subsidy program is administered on the county level by Department of Social Services (DSS) child care coordinators. In addition to helping a child care center or home qualify to provide care to subsidized children, the coordinators can advise providers about child care training opportunities available and how to enroll in the Child and Adult Food Program. For more information, contact your local county DSS and ask for the day care services department.

North Carolina Cooperative Extension Service: The extension service is an information and educational resource that has offices in each county. They offer one-on-one counseling and training classes on topics useful to child care providers including budgeting, marketing, child development, curriculum development, discipline, and how to organize your space. For more information, call your local county Cooperative Extension office and ask to speak with their Human Development Specialist.

Community College Early Childhood Education Programs: Each community college has a Department of Early Childhood Education (ECE). Classes can be taken towards the Child Development Associate Credential or an Associate's Degree in Early Childhood Education. These programs are two ways in which a child care professional can meet the educational qualifications to be a child care teacher or program administrator. For more information, contact your local community college.

T.E.A.C.H. Early Childhood and the WAGES™ Programs: The T.E.A.C.H. (Teacher Education And Compensation Helps) Early Childhood Project provides scholarships to child care workers to complete course work in early childhood education. Participants receive scholarships to earn a North Carolina Child Care Credential, an Associate's Degree in Early Childhood Education or a Bachelor's Degree in Child Development or to become a Model/Mentor Teacher. WAGES™ is a program that offers education-based salary supplements. Both of these programs are administered by the Child Care Services Association located in Chapel Hill, NC. Call (919) 967-3272 for more information.

Small Business Counseling: Free business consulting services are sponsored by local community colleges, four-year colleges, and universities. One-on-one assistance is provided in writing business plans and proposals, as well as advice on marketing or budgeting plans. These programs also offer workshops and courses on important business management skills. Small Business Centers (SBCs) provide these services at the community colleges and Small Business and Technology Development Centers (SBTDCs) operate the programs through the university system. To locate the SBC in your area, contact your local community college or call (919) 733-7051 and ask for the Small Business Center Network. Call (800) 258-0862 to find the SBTDC near you.

HINTS FOR NONPROFIT PROGRAMS

Fundraising: Scrip-selling has become a major fundraising tool. Scrip is like a gift certificate that customers use to buy groceries and other things from participating retailers. Scrip servicers, like the National Scrip Center, arrange the program for you by getting merchants to sell scrip certificates at 2-16% discount off the face value, and then selling them to customers at face value. Your organization receives the 2-16% left over. You can contact the National Scrip Center at (800) 538-1222.

PUBLICATIONS FROM SELF-HELP

The Business Side of Child Care: A reference manual for child care advocates and lenders

This 130-page manual is designed for technical assistance providers and lenders wanting to help child care programs of all sorts (homes, centers, for-profit, and nonprofit) get started and expand. It covers revenue streams, expenses, model budgets based on actual child care operations, constructing a new facility, start-up issues, making loans to child care providers, regulations in North Carolina, and quality assessment. Updated in 2002. The manual can be downloaded for free from our website at:

<http://www.self-help.org/commercialending/cf2.asp#childcare>.

CAN GOING “GREEN” PUT MORE GREEN IN YOUR POCKET?

A WORD FROM OUR SUSTAINABLE DEVELOPMENT INITIATIVE

Change Once, Save Every Month

Businesses and nonprofits often throw away hard-earned money through inefficient lighting, poor insulation, water and material waste, and poorly maintained air conditioners/heaters. Instead of profits for you, this money goes to utility companies, waste haulers and material suppliers.

It doesn't have to be this way. Some solutions are free and simple. Others require an upfront investment that pays back over time. By choosing to address these money-wasters today, you may realize significant cost savings that will extend far into the future.

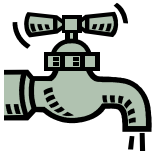
Common Ways Businesses Can Save



Heating/AC: Cleaning filters and heat-transfer coils can reduce energy expenses. Window shades or awnings and strategically-planted trees can produce big savings on air conditioning. Programmable thermostats are another important energy saver. Caulking windows and doors, installing storm windows and doors, and adding insulation may save on heating costs.



Lighting: Traditional bulbs and ballasts can be replaced with energy efficient ones. Daylighting, room occupancy sensors, and task lighting can get quality light where it is needed and reduce over-lighting.



Water: Quickly repairing leaky plumbing and putting faucet aerators on sinks can reduce your water bill. EnergyStar water heaters save energy. Large water users may want to consider preheating water with solar hot water heaters. Drought-tolerant landscaping is another idea.



Office Settings: Consider EnergyStar computers and copiers; double-sided printing; washable kitchenware rather than Styrofoam/plastic; refillable toner cartridges; and paper and aluminum can recycling. Plants and non-toxic cleaners help to keep the air clean and workers productive.

What Should I Do Next?

Start with the easiest, lowest-cost changes. You may benefit from an energy or eco-audit by a professional. Visit the websites on the back of this page for more details and contacts.

Self-Help is happy to discuss financing these improvements. Talk to your loan officer about your options. Want more information about the sustainable business practice listed on this sheet? **Contact our environmental specialist:** Brian Schneiderman at 800-476-7428 or sustainability@self-help.org.

Examples of N.C. Businesses that Save \$\$\$'s with “Green” Methods

- **The Bridge Street Café** in Hot Springs lowers its electric bill by using energy efficient lighting and daylighting, and insulating its building well. The historic restaurant uses cloth napkins instead of paper and a soda fountain instead of aluminum cans. It recycles and composts.
- Burlington apparel manufacturer **T.S. Designs** has made many “green” changes. Most notable is the conversion to organic cotton and non-toxic dyes. Workers benefit from upgraded task lighting. The company mows and waters less after replacing their lawn with low-maintenance and attractive native plants. See www.tsdesigns.com.
- **The Iredell-Statesville School District** designed a new elementary school to use energy more efficiently. High-performance thermal windows, occupancy sensors that turn off lights automatically, and the use of natural light have cut the building’s utilities by 33%.

Some of the Best Resources for You on the Internet

Energy Star

www.energystar.gov

Jointly managed by the US Environmental Protection Agency and US Department of Energy, this site is full of information for small businesses and facility owners. It has calculators to figure out your potential savings, locations of EnergyStar product retailers, and other easy-to-use resources.

GreenBiz: The Resource Center on Business, the Environment and the Bottom Line

www.greenbiz.com

This site is the most comprehensive non-government resource you can find. It has an excellent “Business Toolbox” section. Go to the “GreenBiz Essentials” section within the “Toolbox” for quick and easy advice on using greener methods in specific areas of your business.

NC Department of Environment and Natural Resources, Division of Pollution Prevention

www.p2pays.org

North Carolina’s state government website on pollution prevention (P2) is excellent. Click on “Small Business” for resources geared to different industries and facilities.

NC State University, Industrial Extension Service

www.ies.ncsu.edu

The IES site offers energy information and links you to free and reduced-cost consulting services.

Waste Reduction Partners

www.landofsky.org/wrp

Access a popular and low-cost environmental consulting program for western NC businesses and organizations (west of I-77) via this site.