

OUR MISSION: To create employment opportunities in a 45-county service area in Southeast Kentucky. We accomplish this by recruiting new businesses to the region, providing direct loans and technical assistance to entrepreneurs and small business owners and by providing economic development services to communities.



SKED Board of Directors 2013
The 12 men and women comprising the SKED Board of Directors in 2013 are the organization’s most diverse to date. Board members live and work in communities throughout our service area in fields ranging from education to banking, utilities and workforce training. This all-volunteer board meets monthly to help shape the organization, keep its mission strong and make decisions that affect residents in 45 counties in Southeast Kentucky. They’re pictured front row from left: Michael Hayes, Tim Barnes, Shirley Gifford and Corey Craig. Back row from left is: Darryl McGaha, Charlene Harris, Ben Sams and David Blakeman. Not pictured are: Virginia Flanagan, Dr. Jo Marshall, Rodney Hitch and Daryl Smith.

SKED 2013 IMPACT	
Number of staff.....	10
Number of loans/investments.....	22
Amount of loans.....	\$5.4 million
Amount leveraged.....	\$18 million
Jobs created.....	65
Jobs retained.....	253
Businesses counseled.....	251
Entrepreneurs trained.....	149

FROM THE EXECUTIVE DIRECTOR

Welcome to SKED’s 2013 annual report. In many ways, 2013 has been much like SKED’s previous 27 years. Over the past 12 months, our staff has worked diligently to provide financial services, economic support and technical training to the small business owners, entrepreneurs and residents living within our 45-county service area. But like all successful organizations, SKED has sought out new opportunities to assist our region in moving forward and our small businesses in growing and becoming more successful this year. We hope you find the information in this report encouraging and share in our excitement as we present a small taste of what SKED accomplished in 2013.

Our annual report includes a lot of numbers. We list the number of loans we’ve made, the number of jobs those loans have helped create and retain, and we list the amount of money those successful businesses have put back into the region. But at SKED, our job is more about people than numbers. Our job is to keep the organization strong financially and our programs successful, resulting in the creation of new small businesses, the growth of existing small business and increased employment opportunities and an improved economy throughout our region. We could not accomplish these goals without the small business owners, entrepreneurs and community and business leaders who dream of a better life for themselves and their families, as well as a better community in which to live. Our greatest motivation is seeing the positive impact our services have had on the lives of so many people throughout the year.

In 2013, I announced my retirement as SKED’s executive director. For 21 years, I came to work at SKED and worked alongside a great staff of individuals to develop, implement and deliver services that are unique to a nonprofit economic development organization. It was more than a job to me. It was a responsibility and a pleasure. As the leader of an organization like SKED, I felt privileged and honored to be in the position where my job was to find and offer new ways to help others fulfill their dreams.

So, as I depart as SKED’s executive director at the end of 2013, I want to say thank you to our loyal business leaders, community development partners and local officials. Your confidence and support in SKED have helped us have a lasting impact on more than 10,000 lives throughout the region. SKED’s success would not be possible without your ongoing support, a committed Board of Directors and a dedicated staff.

SKED’s future is bright. The Board of Directors and staff will continue to fulfill its mission in 2014 and for years to come. SKED remains focused and will continue to strive to be worthy of your support and confidence.

Greg Jones
Executive Director
Southeast Kentucky Economic Development Corporation



SKED Board Chairman Tim Barnes, left, presents retiring SKED Executive Director Greg Jones a plaque of appreciation for his 21 years of dedicated service to SKED.

2013 HIGHLIGHTS	
In 2013, SKED made 22 loans to businesses across its 45-county service region, with loan amounts totaling \$5.4 million. Business owners, assisted by this funding, invested more than \$18 million back into the region, created 65 new jobs and retained more than 250 existing jobs.	
SKED was awarded a \$70,733 USDA Rural Business Enterprise Grant (RBEG) to provide technical assistance to entrepreneurs in 18 counties of SKED’s western service region by helping them start, stabilize and grow successful businesses. In 2013, SKED worked with 12 businesses in the western portion of its serve area to assist in funding their startup operations or expansions.	
The U.S. Small Business Administration (SBA) awarded SKED \$376,480 in 2013 to use in assisting entrepreneurs and small business owners in Southeast Kentucky. SKED made 11 micro loans in 2013 totaling \$325,088. This funding has assisted in the creation of 15 new jobs and the retention of 47 jobs in 2013. These micro loan borrowers have invested \$720,238 back into the region.	
SKED continued to promote the SBA 504 Loan Program in 2013. Two SBA 504 loans were made to businesses in Laurel and Clinton counties totaling \$2.9 million. These businesses invested \$7.9 million back into the region, created 16 new jobs and retained 18 existing jobs.	
Entrepreneurial SMARTS training, partially funded by a grant from the Appalachian Regional Commission (ARC), had another successful year offering 11 training sessions where 160 people registered and 149 graduated giving the program a 94 percent completion rate. Approximately 58 individuals received additional technical assistance through the program.	



"Stallworth Internal Medicine and Pediatrics, PLLC has benefited immensely from the services provided from SKED and I am thankful for the continued partnership." *Lovie Stallworth, MD*

Dr. Lovie Stallworth knows medicine and how best to help her patients meet their medical needs, but when it comes to running the business end of her private practice, she needed a little help in the form of two important small business resources.

Sam Coleman, director of Southeast Kentucky's branch of the Small Business Development Center (SBDC) in Middlesboro, Ky. worked with Stallworth for a couple of years to get her internal medicine and pediatric practice open for business in downtown Middlesboro, Ky. The SBDC provides key resources to entrepreneurs looking to open their own business.

With more than 15 years' experience in the medical field and a genuine love for the region, Stallworth knew exactly where she wanted to go and the obstacles she would have to overcome to get there. Her faith and tenacity kept her strong and eventually led her to work with SKED. Her assistance from SKED came in a number of ways and at various stages in the business' success. Stallworth was approved for a micro loan through SKED's U.S. Small Business Administration (SBA) micro loan fund in the summer of 2013.

"I have been working with Southeast Kentucky Economic Development (SKED) for about 2 years," Dr. Stallworth explained. "The support that this organization has provided has been invaluable. SKED's assistance began with helping me finalize the financial aspect of the business plan. The strong support from SKED has continued even after we saw our first patient. They have supported us with business management and marketing training."

MICRO LOAN

STALLWORTH INTERNAL MEDICINE
AND PEDIATRICS, PLLC
MIDDLESBORO, KENTUCKY

SKED INVESTMENT \$50,000 **EMPLOYEES** 11 **PARTNER** Kentucky Highlands Investment corporation
EXPERIENCE 15 Years **CORPORATE ADDRESS** 2010 Cumberland Ave., Middlesboro, KY



SBA MICRO LOAN

FIRESTARTER FITNESS, LLC SOMERSET, KENTUCKY

SKED INVESTMENT \$20,000 **JOBS CREATED** 2 **CURRENT CLIENTS** 106 **WEBSITE** www.crossfitignis.com
LOCATION 115 Oak Hill Road, Somerset, KY

Business partners Kelli Johnson and Chris K. Jackson come from totally different backgrounds each having experienced life-changing events that led them to their love for fitness. It's the love they share for fitness that's brought them together in a business venture that they believe will help them transform others' lives. Johnson owns and operates CrossFit Ignis in Somerset, Kentucky. Jackson volunteers as a trainer.

Johnson describes CrossFit Ignis' mission as the following: to bring the world of health and fitness to your fingertips; break it down to fundamental movements and skills that are yours for the grasping – regardless of your level of fitness. The crossfit program provides a variety of routines, and the activities for each day are different. Crossfit Ignis opened in July 2013 and currently has about 106 members ranging in age from 16 to 65. They hope to achieve the special certification required to work with people under the age of 16 in the future.

Johnson's and Jackson's areas of expertise are in fitness. Owning and operating a successful business was new to them. Johnson took a great first step toward small business ownership by enrolling in SKED's Entrepreneurial SMARTS class. Once she completed the four-course training session, she was ready to apply for a SKED SBA Micro Loan. SKED's loan helped fund startup costs, equipment and working capital for the new business.



"My first exposure to SKED was through the Entrepreneurial SMARTS program held by Pat Bradley. This program was key for me to better understand the ins and outs of starting a new business in our area. From business planning to understanding cash flow, it helped me to prepare my business for a financially sound future. I would recommend it for anyone." *Kelli Johnson*



"Working with SKED has changed our business. As a small business owner, it is difficult to find ways to invest in our business and our team. SKED helped us develop a plan to invest in the futures of everyone in our organization, and was instrumental in helping provide us the tools we need to succeed in our marketplace, expanding our operations, and empowering our employees. We will always be grateful for what SKED has done for us, and look forward to our continued relationship with them." *Tony Roberts, Owner*

It's easy to see why Tony and Julie Roberts would choose to invest their finances and their futures in a franchise like ServePro™. The 45-year-old cleaning and restoration business has been No. 1 in the industry for the past nine years and has more than 1,500 fire and water cleanup and restoration franchises in 48 states. Together, the husband and wife management team oversee the operation of three such franchises throughout Central and Southeast Kentucky. The young couple calls it a challenge and says that's why they've spent the past seven years learning the ropes of the business. SKED helped the Roberts apply for and receive an SBA 504 Loan to expand their Pulaski and Laurel County franchise to move out of a leased facility in downtown London to a new, larger facility in the London-Laurel Industrial Park and install a new inventory tracking system that makes management of all three businesses flow more smoothly.

Tony and Julie Roberts stand outside their new corporate headquarters in the London-Laurel Industrial Park.



SBA 504 LOAN

SERVPRO OF PULASKI & LAUREL COUNTIES LONDON, KENTUCKY

TOTAL PROJECT \$1,054,650 **JOBS CREATED** 10 **PARTNERS** U.S. Small Business Administration (SBA 504 Loan) and JP Morgan Chase Bank **WEBSITE** www.servpropulaskilaurelcounties.com



Veterinarians love people too. That's the message Shawn Tussey, DVM, hopes to convey at his East Kentucky animal clinic. While he became a vet to give animals the best healthcare possible, he believes their owners should feel appreciated too. It's that belief that led Tussey to buy out a former partnership and expand his seven-year-old practice to a new, more modern and accessible location in Floyd County. But he needed help. He needed a lender who knows East Kentucky and its challenges and was willing to help him meet his personal and professional goals. He called Mountain Association for Community Economic Development (MACED) in Berea. The lending staff at MACED then asked SKED and the Kentucky Economic Development Finance Authority to partner in funding the project, and the Beaver Creek Veterinary Hospital opened for business at its new location in Langley, Ky.



"SKED and MACED gave me an opportunity when no other bank or finance company would. It allowed me the opportunity to own my own business and make my own decisions. This opportunity has enabled me to set my own career path." *Dr. Shawn Tussey*

SMALL BUSINESS LOANS

BEAVER CREEK VETERINARY HOSPITAL LANGLEY, KENTUCKY

SKED INVESTMENT \$410,000 **EMPLOYEES** 7 **PARTNERS** Mountain Association for Community and Economic Development (MACED) and Kentucky Economic Development Finance Authority (KEDFA)
LOCATION Langley, Kentucky **FACEBOOK** www.facebook.com/BeaverCreekVeterinaryHospital



Entrepreneurial SMARTS

ENTREPRENEURS TRAINED 149 **TRAINING SESSIONS HELD** 11 **HOURS OF CLASSROOM TRAINING EACH SESSION** 12
PARTICIPANTS REGISTERED 160 **COMPLETION RATE** 94% **RECEIVED ADDITIONAL TRAINING OUTSIDE CLASSROOM** 54

In its second year, SKED's Entrepreneurial SMARTS training program has achieved success far beyond its original expectations. The program boasts a 94 percent completion rate and rave reviews from its graduates.

Entrepreneurial SMARTS (Simple Methods And Reality-based Training for Success) is designed to assist entrepreneurs, small business owners and people in all stages of the process of learning about and preparing for small business ownership through a series of four, three-hour classes where they are instructed in the basics of starting, financing and operating a business and planning for its success.

In 2013, eleven SMARTS sessions were held. A total of 160 individuals registered for the training and of those 160, 149 successfully completed all four training sessions and received their Certificate of Completion.

Class participants are given the tools needed to determine whether business ownership is for them, one-on-one training to assist them in developing that dream and instruction on the steps to writing a successful business plan.

Pat Bradley, SKED small business training specialist, presents the Entrepreneurial SMARTS classes and provides all follow-up technical assistance for the program. She is a certified Core Four® Business Planning course instructor. The Core Four® Business Planning Course is the basis for Entrepreneurial SMARTS.

In addition, she provided additional technical assistance for 54 of the individuals attending the Entrepreneurial SMARTS training, for a total of 116 hours.

In 2013, SKED also partnered with the Eastern Kentucky Concentrated Employment Program (EKCEP), the Kentucky Career Center network and its H.O.M.E. (Hiring Our Miners Everyday) program to provide free Entrepreneurial SMARTS training for out-of-work miners.



"Even after two years, I continue to be amazed at the diversity of folks who attend the Entrepreneurial SMARTS training - students, educators, small business service providers, retirees, entrepreneurs from all walks of life, new small business owners and owners of well established businesses. I'm also impressed by the positive feedback I receive from attendees, and the fact that of everyone who has started in the training program since it began in January 2011, 92% have completed all four trainings to graduate." *Pat Bradley, Training Specialist*

State and Federal Partnerships

STATE AND FEDERAL FUNDING \$447, 213 **WESTERN KENTUCKY COUNTIES RECEIVING TECHNICAL ASSISTANCE SERVICES** 18 **WESTERN KENTUCKY BUSINESSES ASSISTED** 12 **MICRO LOANS PROVIDED** 11

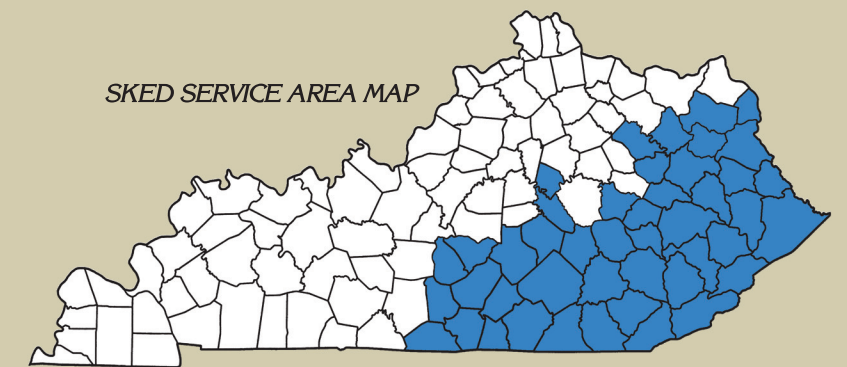
SKED was awarded new funding from the U.S. Department of Agriculture Rural Development program and the U.S. Small Business Administration in 2013. These funds are designated to assist business owners in SKED's service area meet their expansion and startup goals.

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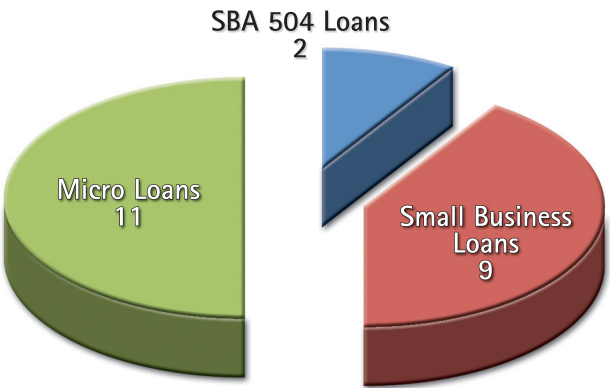
"These USDA Rural Development Rural Business Enterprise Grant funds will play an important role in creating and saving jobs in rural Kentucky. Southeast Kentucky Economic Development Corporation is a dedicated economic development partner and is making a tremendous business development impact in their service area." *Thomas G. Fern, Kentucky Director USDA Rural Development*



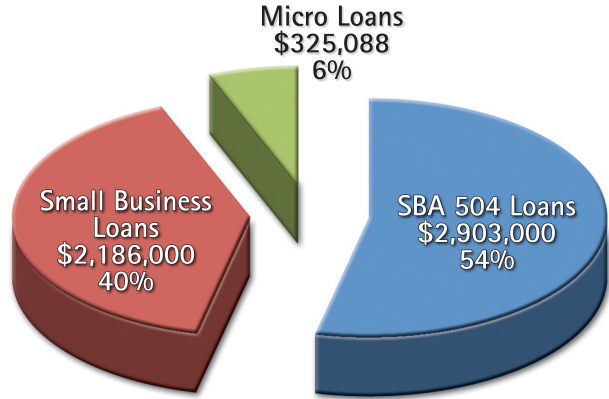
PERFORMANCE OVERVIEW



NUMBER OF LOANS
IN 2013



AMOUNT OF FUNDS USED
FOR EACH LOAN IN 2013



AT THE END OF 2013,
OUR LOAN PORTFOLIO INCLUDED
\$5,414,088...

TO
22 BUSINESSES...

TOTALLING
65 JOBS CREATED
AND MORE THAN 250 RETAINED

Funding for the SKED Small Business Loan Fund, SKED Micro Loan Fund and SBA 504 Loan Program come from the partnership of the state and federal funding agencies listed on the back of this report.

SKED HISTORICAL FIGURES AS OF 12/31/2013

FUND	ESTABLISHED	AREA SERVED	NUMBER OF LOANS	NUMBER OF JOBS	AMOUNT OF LOANS	TOTAL INVESTMENT
USDA Intermediary Relending Program	1996	45 Counties	63	1,725	12,514,673	88,548,016
USDA Rural Business Enterprise Grant	1997	45 Counties	73	779	4,561,031	27,319,490
Community Development Financial Institution Fund	2001	45 Counties	62	3,893	10,516,002	96,783,794
U.S. Department of Housing and Urban Development	2003	Specific Counties	3	85	1,000,000	1,700,000
U.S. Department of Health and Human Services	2001	Specific Counties	9	292	3,941,402	6,465,402
Economic Development Administration and Appalachian Regional Commission	1999	45 Counties	8	40	3,175,025	8,089,100
U.S. Small Business Administration 504 Loan Program	2009	Statewide	15	718	15,867,000	40,754,357
U.S. Small Business Administration Micro Loan Program	2010	45 Counties	47	251	1,207,301	2,696,050
		TOTALS	280	7,783	52,782,434	272,356,209

2013 SBA GENERAL MEMBERSHIP

Tim Barnes President Hometown Bank	Michael Hayes Special Projects Director Kentucky Highlands Investment Corp.	Rodney Hitch Manager of Economic Development East Kentucky Power Cooperative	Billy Hough Market President Kentucky Bank	Brett Traver Executive Director Morehead Rowan County Economic Development Corp.
Shirley Gifford CPA	Dr. Jo Marshall President Somerset Community College	David Ledford President Boneal, Inc.	Rodney Weaver Credit Underwriter Monticello Banking Company	Ron McMahan Executive Director Team Taylor County Industrial Development Authority
Darryl McGaha Director of Workforce Development Lake Cumberland ADD	David Blakeman Chief Engineer Praetorian Standard, Inc.	Josh Branscum Business Development Branscum Construction Co., Inc.	Holly Hopkins Executive Director Rockcastle Industrial Development Authority	Charlie Pennington Executive Director London-Laurel County Industrial Development Authority
Ben Sams Territory Account Manager U.S. Sales Cisco Systems	Charlene Harris President/CEO First National Bank of Russell Springs	Allen Anderson President/CEO South Kentucky RECC	Donna Diaz Executive Director Lake Cumberland Area Development District	
Corey Craig President Citizens Bank of Mount Vernon	Daryl Smith Economic Development Executive Kentucky Utilities	Jerry Claunch Executive Vice-President Citizens National Bank	Denise Thomas Development Associate Big Sandy Area Development District	Bruce Carpenter Executive Director Corbin Economic Development Agency
Virginia Flanagan Special Assistant to the President Campbellsville University				

Southeast Kentucky Economic Development thanks the following funding partners for their assistance in 2013:

Appalachian Regional Commission

Commonwealth of Kentucky
Cabinet for Economic Development

U.S. Department of Agriculture
Rural Development

U.S. Department of Housing
and Urban Development
Rural Housing and Economic Development Program

U.S. Small Business Administration
SBA 504 Program

U.S. Small Business Administration
Micro Loan Program



A Regional Growth Corporation

2292 S. Highway 27 • Somerset, KY 42501 • (606) 677-6100
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