

**The Enterprise Center  
 Non-Profit Agency Funding Application  
 FY 2014 Budget Request**

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Welcome to the City of Chattanooga's Website for Non-Profit Agency Funding Applications. Here you will find the material necessary for requesting funding from the City. For consideration in the FY 2014 budget, your completed application, along with **ALL REQUIRED DOCUMENTATION**, must be returned in **PDF format** to [nonprofitrequest@chattanooga.gov](mailto:nonprofitrequest@chattanooga.gov) no later than **January 7, 2013**. **No request received after the deadline will be considered for funding.** No application will be considered until all the required information, in the proper format, along with the application fee are received.

Pursuant to T.C.A. A76-54-111, a \$50.00 fee is assessed to cover the cost of processing your application. Submit the fee to:

Randy Burns, Management Analyst  
City Council Office  
1000 Lindsey Street  
Chattanooga, Tennessee 37402

NO AGENCY IS GUARANTEED FUNDING. EACH YEAR'S REQUEST WILL BE EVALUATED SOLELY ON ITS OWN MERIT. THE LEVEL OF AWARD IS SUBJECT TO THE AVAILABILITY OF FUNDS.

To ensure coordination and efficient use of public funds, United Way of Greater Chattanooga will assist the Council's review. Final funding decisions are made by the Council.

### **Section I: City Code Requirements**

In accordance with City Code 2-326(e), your submission must include:

1. A one-page COVER LETTER specifying:
  - a. The name and address of the non-profit organization;
  - b. The name, address and telephone number of a specific contact person knowledgeable within the non-profit organization relative to any request for fund assistance;
  - c. The agency mission
  - d. The amount of money requested.
2. An EXECUTIVE SUMMARY of no more than two pages, signed by the Chief Executive Officer of the non-profit organization, including but not limited to:
  - a. A description of the specific purpose for which the requested funds will be used to benefit the residents of the City;
  - b. The proposed usage for the financial assistance appropriated by the City of Chattanooga;
  - c. The assurance that the agency will provide a detailed accounting of how and for what purpose municipal funds were spent, prior to the close of the City of Chattanooga's fiscal budget year and at the close of each succeeding fiscal budget year until all municipal funds have been spent by the organization;
  - d. The assurance that the agency will provide the City of Chattanooga with copies of current annual audits or reviews for each year that it spends funds appropriated to it by the City of Chattanooga;
  - e. Any other information that will assist the City in its review of your funding request.
3. A copy of the applicable agency BUDGET effective at the time any request for assistance from the City of Chattanooga is made [See Attachment F for recommended format];
4. A copy of the CHARTER of the non-profit organization filed with Tennessee Secretary of State;
5. A reference to the specific non-profit exemption applicable to such non-profit organization under the Internal Revenue Code;
6. A copy of the ANNUAL REPORT of the non-profit organization applicable for the year in which assistance is requested, which shall include a copy of the annual audit or review;
7. A list of BOARD OF DIRECTORS, including position, contact information, and number of years served;
8. Contact info for review of corporate minutes, at Council discretion.

**City of Chattanooga**  
**Non-Profit Funding Request**

**1. COVER LETTER**

***Organization and request:***

Non-profit name: The Enterprise Center, Inc.

Street Address: 1250 Market Street, Suite 3020

City, State, Zip: Chattanooga, TN 37402

Telephone: (423) 425-3770 Fax: (423) 756-4945

**Contact Person:**

Miguel Partap

Telephone: (423) 425-3780

E-mail Address: [partap\\_m@theenterprisectr.org](mailto:partap_m@theenterprisectr.org)

(Also contact person for review of corporate minutes)

***IRS Code:***

Charitable organization under IRS Code 501 (c) (3)

***Agency Mission:***

Our mission is to lead the City of Chattanooga's technology-based economic development initiatives thereby promoting the advancement of economic transformation in the City of Chattanooga, Hamilton County, and the Tennessee Valley Corridor. Our core initiatives are alternative energy, advanced transportation, technology development and transfer, and community revitalization.

***Amount requested:***

**\$160,500 Operating Subsidy**

## 2. EXECUTIVE SUMMARY

### *Use of funds:*

**How will these funds be used to promote the common good and general welfare of the people of the City of Chattanooga?**

**High Speed Rail/ Maglev** – The purpose of a High-Speed Ground Transportation/Maglev (HSGT/Maglev) system in the Atlanta-Chattanooga-Nashville corridor is to provide safe, reliable, high-speed, state-of-the-art transportation along the approximately 245-mile project, which links the metropolitan Atlanta area, starting at Hartsfield-Jackson International Airport on the south end, to the Chattanooga Metropolitan Airport near downtown Chattanooga, Tennessee, and on to the Nashville Metropolitan area, on the north end. Our vision is to eventually continue north to Chicago, IL and south to Jacksonville, FL.

The HSGT/Maglev system would be designed to provide inter-modal connections with urban commuter and intercity rail systems at stations along the corridor. It would provide frequent service, carrying large numbers of people, and high-value freight. This systems greatest benefit will be improved mobility along the corridor and with this comes new and expanded work opportunities for Chattanoogaans.

**Community Revitalization Program** – The Enterprise Center’s Office of Community Revitalization promotes, coordinates, and engages in private-public partnerships to: increase job creation through business recruitment and expansion; provide access to capital for business and entrepreneurial development and growth; redevelop brownfields (potentially hazardous sites), abandoned and underutilized properties; seek federal funding and/or efficiently and effectively use local and state resources to revitalize distressed communities; jumpstart revitalization in targeted communities by marketing incentives aimed at commercial and housing development; and merge local revitalization efforts into regional planning activities.

**Technology Development & Transfer** – drives technology-related economic development through licenses, contracts and other business agreements with Chattanooga companies to generate jobs and build wealth. This goal is accomplished

by extensive outreach within the business and entrepreneurial community and by evaluating technological and scientific resources available at research institutions throughout the region including Oak Ridge National Laboratory, Y-12 National Security Complex, University of Tennessee System, NASA, and The SimCenter National Center for Computational Engineering.

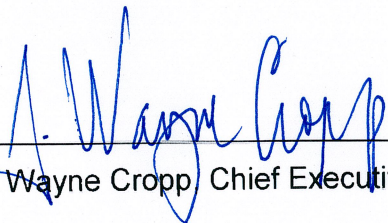
**Proposed usage for this funding**

The proposed usage for this funding is to cover general and administrative expenses incurred by TEC in performance of its mission.

**Representations of organization:**

The above mentioned organization will provide:

1. A detailed accounting of how these municipal funds were spent. The accounting will be provided at the close of each budget year until all these funds have been spent.
2. A detailed accounting of how and for what purpose municipal funds were spent at the end of each fiscal year until all municipal funds are spent along with a list of the accomplishments scheduled by use of these funds.
3. Copies of annual audits or reviews to the City for each year it spends funds appropriated to it by the City of Chattanooga.
4. Any other information that will assist the City in its review of your funding request.

  
\_\_\_\_\_  
J. Wayne Cropp, Chief Executive Officer

1/07/2013

Date

**Application fee:**

An application fee of \$50.00 made payable to the City of Chattanooga must accompany this request to cover costs of advertising and to defray clerical time and supplies associated with the request.

# The Enterprise Center

## – High-Speed Ground Transportation/Maglev Program –

### **ATTACHMENT A: PROGRAM OUTCOME INFORMATION**

#### **Agency Mission:**

Develop a cutting-edge alternative multi-modal transportation system, between Atlanta-Chattanooga-Nashville, for moving passengers and freight at high speeds, safely and efficiently over medium range distances (up to 600 miles).

#### **Program Goal:**

The purpose of a High-Speed Ground Transportation/Maglev (HSGT/Maglev) system in the Atlanta-Chattanooga-Nashville corridor is to provide safe, reliable, high-speed, state-of-the-art transportation along the approximately 245-mile project, which links the metropolitan Atlanta area, starting at Hartsfield-Jackson International Airport on the south end, to the Chattanooga Metropolitan Airport near downtown Chattanooga, Tennessee, and on to the Nashville Metropolitan area, on the north end. Our vision is to eventually continue north to Chicago, IL and south to Jacksonville, FL.

The HSGT/Maglev system would be designed to provide inter-modal connections with urban commuter and intercity rail systems at stations along the corridor. It would provide frequent service, carrying large numbers of people, and high-value freight.

#### **Outcome Objectives:**

HSGT/Maglev funds are utilized to continue coordination, monitoring and oversight of the Atlanta-Chattanooga Corridor project along with the proposed extension to Nashville on behalf of the City of Chattanooga and the Tennessee Department of Transportation.

#### **Priority Area Addressed:**

The HSGT / Maglev project addresses several key issues faced by the Chattanooga region. This project is first and foremost an economic development driver. During the feasibility stage of the project it was estimated 16,000 jobs would be created during the construction phase of the project. Most of these would be high paying craft jobs. Thousands of indirect and support jobs would be created once operations begin in the future.

Second, the HSGT / Maglev project will reduce greenhouse gases and other forms of pollution. As a world-class alternative energy project, HSGT / Maglev will further Chattanooga's global reputation as a leading sustainable community committed to quality growth.

Third, the HSGT / Maglev project is an advanced transportation project that will link Chattanooga to leading financial and intellectual centers. Chattanooga has been blessed with

a legacy of participation to the nation's transportation infrastructure, first as an important steel-wheel-on rail town in the 1800's, then as a major artery in the national interstate system. Transportation is the life-blood of commerce and tourism, both strong segments of Chattanooga's economy. Likewise, Chattanooga must be linked and connected to the transportation systems of the future. Once again, Chattanooga can lead the way in high speed rail.

Fourth, with projections of increased traffic volume on both I-75 and I-24 in the next 20-30 years, we must provide high speed ground transportation in order to maintain the mobility we require.

**Means of Measurement:**

Project success, in its current phase, is defined by the generation of public support for the Atlanta-Chattanooga-Nashville Project; completion of the Tier 1 Environmental Impact Study (EIS) on the Atlanta-Chattanooga corridor; and coordination of regional initiatives to extend the project to the Chattanooga-Nashville corridor.

**Outcome Results:**

The Enterprise Center, pursuant to its contract with Tennessee Department of Transportation (TDOT), has supported this planning effort by educating and informing stakeholders in the Project; providing critical inputs to GDOT and its State Transportation Board; convened regular meetings with state, regional and local officials, which resulted in raising the necessary 20% non-federal matching funds required to secure the \$13.8 million federal grant. These awarded funds have not yet been obligated.

In addition, the Enterprise Center has served as a source of necessary information to GDOT and its contractors regarding formulating the Purpose and Need Statement for the Project to ensure prospects for true high-speed ground transportation in the corridor. The Enterprise Center has also carefully monitored federal and state legislative initiatives that would result in the loss or diminution of the funding for the Project.

Finally, and critically, the Enterprise Center has provided vital support for successful interaction between GDOT and FRA. In short, the Enterprise Center has been a 'driver' and facilitator of Project progress.



# The Enterprise Center – Community Revitalization Program –

## **ATTACHMENT A: PROGRAM OUTCOME INFORMATION**

### **Agency Mission:**

The Enterprise Center's Community Revitalization Program promotes, coordinates and engages in private-public partnerships to:

- Increase job creation through business recruitment and expansion and establishment of a federally supported environmental job training program
- Redevelop brownfields, abandoned and underutilized properties, and historic properties;
- Seek federal funding and/or efficiently and effectively use local and state resources to revitalize distressed communities;

### **Program Goals:**

The Community Revitalization Program's goals are to create jobs, recruit businesses, and assist revitalization efforts in distressed communities. The program facilitates job creation by establishing an environmental (green) job training program and supporting local economic development and technology commercialization activities. The program partners with local governments, other nonprofits, and community groups to seek, capture, and leverage federal funds that support the City's long-range planning, strategic growth, and sustainability initiatives to create jobs and recruit businesses.

### **Outcome Objectives:**

The Community Revitalization Program's objectives are to:

- Create jobs and opportunities for entrepreneurial development and business growth in Chattanooga, with a particular focus on distressed communities;
- Promote brownfields redevelopment as a tool for revitalizing commercial and manufacturing corridors;
- Seek federal funds to expand redevelopment activities in targeted communities;
- Merge community revitalization efforts with regional planning activities.

### **Priority Area Addressed:**

Redevelopment activities (housing, historic, recreation and commercial) in the Riverfront, Downtown, Southside, and Northshore areas have captured investor interest in and created opportunities for sustained and balanced growth in the City's urban core. In the bordering communities of M.L. King, Highland Park, and East and South Chattanooga, substantial progress has been made in housing and institutional development. However, over the years, little focus has been given to the revitalization of abandoned and underutilized commercial and industrial corridors that once nourished the City's distressed communities. Local development incentives have not been tailored to address the needs of, or potential for,



business growth in these areas, while federal tax incentive and bond programs that once supported investments have ended. In the absence of these commitments, resident groups and community organizations have been unable to sustain effective commercial and industrial redevelopment efforts.

The Community Revitalization Program seeks to coordinate economic development efforts in targeted redevelopment areas by:

- Establishing a strategic planning and implementation process that will identify and quantify key economic opportunities;
- Providing a framework for effective decision making on redevelopment going forward;
- Involving community stakeholders in the creation of a strategic vision for commercial and industrial redevelopment;
- Using available resources effectively (zoning, codes enforcement, business incentives), as well as securing federal funding (brownfields grants, etc.) to convert key sites to their best uses (residential, commercial, industrial, recreation);
- Incorporating targeted revitalization strategies into regional planning activities, including the Chattanooga Area Chamber of Commerce's Strategic Growth Initiative and City's Office of Sustainability's Climate Action Plan.

### **Means of Measurement:**

The Enterprise Center assists in the preparation and monitoring of federal grants for the City's Brownfields Program, as well as submitting its own requests for federal funding for Community Revitalization activities through grant writing and partnering with City/County departments and other nonprofits seeking federal and private funding. As part of federal reporting procedures, quarterly and annual reports must be submitted to the appropriate grant funding agencies. The Community Revitalization Program will continue to measure its impact by the number of commercial businesses developed in and recruited to targeted areas, jobs created, federal grants awarded for redevelopment purposes, and community stakeholders that engage in redevelopment efforts.

### **Outcome Results:**

In FY2012, The Enterprise Center was awarded a \$300,000 grant from the U.S. Environmental Protection Agency to provide training for unemployed and underemployed Chattanooga residents living in communities impacted by hazardous and solid waste. The two-year grant will equip residents with the job skills, heavy equipment operator training, commercial truck driver training, and industry recognized certifications needed to secure full-time employment in environmental (green) jobs. In addition, participants will receive job preparation and placement assistance. An Environmental Job Training Advisory Group was established to develop the curriculum and implement the training program at Chattanooga State Community College. Members include environmental employers and training consultants, along with representatives of local government, workforce and economic development agencies, trade associations, unions, educational institutions, community organizations, and nonprofits.

Due to EPA funding delays our first training cycle was delayed by six (6) months. To date we have completed one training cycle (December, 2012) and we are about to begin our second cycle in January 2013. During our first cycle we recruited 54 applicants, trained 19 graduates, and 5 placed. Placement is an ongoing process. We expect 4 more graduates to be placed in January. We also expect to eventually place 17 of our 19 graduates.

During FY2013, the Community Revitalization Program of The Enterprise Center applied for one grant from the U.S. Environmental Protection Agency:

- The \$200,000 Brownfields Area-Wide Planning Grant will provide funds to create a planned, coordinated and comprehensive approach to brownfields redevelopment in the 650 acre 3<sup>rd</sup> Street Corridor.
- TEC also assisted the Chattanooga Office of Sustainability in its submittal of its Groundworks USA program brownfield application to the National Park Service.

**Comparative Information:**

The Community Revitalization Program continues to serve as a resource to local agencies seeking commercial development.

# The Enterprise Center - Technology Development & Transfer -

## ATTACHMENT A: PROGRAM OUTCOME INFORMATION

### **Agency Mission:**

The Enterprise Center leads the City of Chattanooga's technology-based economic development initiatives thereby promoting the advancement of economic transformation of the City of Chattanooga, Hamilton County, and the Tennessee Valley Corridor. The Enterprise Center accomplishes this Mission by assisting in the stimulation of new capital investment, by encouraging revitalization, by promoting research and development, by coordinating public and private economic and technology development strategies, by providing advice and financial assistance to the public and private sectors for economic and social development, and by initiating and managing technology-oriented projects. The Enterprise Center partners and collaborates with local, regional, and national institutions in furtherance of its Mission.

### **Program Goal:**

To promote technology-based economic development in Chattanooga, Hamilton County, and the Tennessee Valley Corridor through collaborating with regional research institutions, facilitating access to capital, and supporting commercialization with the end goal of helping companies create family wage jobs and creating wealth.

### **Outcome Objectives:**

Leading Chattanooga's marketing and branding efforts to build a technology reputation and as a recognized "Smart City."

Connect entrepreneurs and businesses to technology and commercialization related business opportunities by serving as a portal to local, regional, and state resources (Oak Ridge National Laboratory, B&W Y-12, NASA Marshall Space Flight Center, Arnold Engineering Development Center, Tennessee Valley Authority, The University of Tennessee, The University of Tennessee at Chattanooga, SimCenter: National Center for Computational Engineering).

### **Priority Area Addressed:**

Technology Development and Transfer drives technology-related economic development through licenses, contracts and other business agreements with Chattanooga companies to generate jobs and build wealth. This goal is accomplished by extensive outreach within the business and entrepreneurial community and by evaluating technological and scientific resources available at research institutions throughout the region including Oak Ridge National Laboratory, Y-12 National Security Complex, University of Tennessee System, NASA, and The SimCenter: National Center for Computational Engineering.

### **Means of Measurement:**

Connections include, but are not limited to:

- Introductions of companies and entrepreneurs to the research institutions
- Introductions to other businesses, facilitating contracts between businesses
- Supporting recruiting efforts of the local technology community
- Facilitating options and licenses on new technologies for commercialization
- Supporting research related to developing technology for commercialization
- Facilitating access to capital to support commercializing new technology

### **Outcome Results:**

Technology Development and Transfer has supported an overall improvement in the technology entrepreneurship environment in Chattanooga by supporting increased access to capital and greater recruitment of intellectual capital and technological assets to the community. In addition to these vital qualitative results, Technology Development and Transfer facilitated:

- We are currently facilitating two companies to license and commercialize technology from The Y-12 National Security Complex and Vanderbilt University.
- The second Chattanooga Venture Forum during our annual conference where participating companies raised over \$2 million.
- We have connected numerous local and relocating companies to capital sources and engaged with multiple individual and group investors.
- We have conducted a highly successful annual Technology Transfer Conference that had nineteen exhibitors, twelve sponsors and almost 300 attendees in 2012 from local, regional, and national business people, researchers, and investors.
- Presented the Y-12 Innovation Competition where local entrepreneurs and inventors presented business plans based on the Y-12 technology portfolio or their own inventions. Judges to the competition were from University Alabama Huntsville, and local entrepreneurs.
- We lead a local advisory group on Nuclear Renaissance Initiatives that is positioning Chattanooga as a vital link in the national vendor supply chain to the nuclear industry including a major grant application incorporating Non-Destructive Examination, a key element for the nuclear industry expansion.
- We advance local medical research initiatives to create and improve our community's reputation as a center of clinical research.
- We participate in the community's efforts to brand itself as the Gig City and serve as the front door to academic researchers to EPB's high speed internet capability through the National Science Foundation. Our efforts helped link Chattanooga State, City of Chattanooga Traffic Engineering, and Hamilton County Department of Education with Vanderbilt on an NSF grant utilizing high speed band width.
- Additionally, we have worked with the SimCenter and their Disaster Mitigation System (DMS) through the Sentinel Project. The SimCenter won a grant from the National Science Foundation to develop the DMS to highlight the Public Safety capabilities of a high speed network like Chattanooga's.

### **Comparative Information:**

The Enterprise Center's Office of Technology Development and Transfer is a unique national model in that it is not exclusively associated with only one research institution but has the ability to pursue community benefit across a spectrum of research institutions within the Tennessee Valley Region. We have worked with a wider variety of institutions and companies than any other technology economic development group related to Technology Transfer.

## Attachment B: Comparative Financial Information for High-Speed Ground Transportation

It is important that Chattanoogaans and Council members understand the retrospective impact of the dollars allocated and how those dollars directly improve the residents and businesses located in the City of Chattanooga. The Chattanooga City Council is delighted to learn of improvements in our region, but particularly interested in knowing more about the efforts specifically funded by Chattanooga dollars to benefit Chattanooga residents. Therefore, we are requesting additional information this year to better understand how all municipalities meet your funding needs.

<b>Dollars provided to your organization in FY 2013 by the following entities:</b>	Percent of your total annual operational funding provided by local government	% of Hamilton County population*
Chattanooga	100%**	49.83%
Unincorporated Hamilton County	0%	30.22%
Hamilton County Government's (General funds)	0%	
Collegedale	0%	2.46%
East Ridge	0%	6.24%
Lakesite	0%	0.54%
Lookout Mountain	0%	0.54%
Red Bank	0%	3.46%
Ridgeside	0%	0.12%
Signal Mountain	0%	2.25%
Soddy-Daisy	0%	3.78%
Walden	0%	0.56%
Other (Outside Hamilton County)	0%	
	Above percentages should total 100%	
<b>Percent of Services rendered to residents of:</b>	Estimate, if you do not now track this data.	
Chattanooga	100%	49.83%
Unincorporated Hamilton County	0%	30.22%
Hamilton County Government's (General funds)	0%	
Collegedale	0%	2.46%
East Ridge	0%	6.24%
Lakesite	0%	0.54%
Lookout Mountain	0%	0.54%
Red Bank	0%	3.46%
Ridgeside	0%	0.12%
Signal Mountain	0%	2.25%
Soddy-Daisy	0%	3.78%
Walden	0%	0.56%
Other (Outside Hamilton County)	0%	
	Above percentages should total 100%	

\* Population numbers are from U.S. Census estimates at July 1, 2010.

\*\* Funding for High Speed Rail is from a Tennessee Department of Transportation contract.

Attachment B: Comparative Financial Information for Community Revitalization.

*It is important that Chattanoogaans and Council members understand the retrospective impact of the dollars allocated and how those dollars directly improve the residents and businesses located in the City of Chattanooga. The Chattanooga City Council is delighted to learn of improvements in our region, but particularly interested in knowing more about the efforts specifically funded by Chattanooga dollars to benefit Chattanooga residents. Therefore, we are requesting additional information this year to better understand how all municipalities meet your funding needs.*

<b>Dollars provided to your organization in FY 2013 by the following entities:</b>	Percent of your total annual operational funding provided by local government	% of Hamilton County population*
Chattanooga	100%	49.83%
Unincorporated Hamilton County	0%	30.22%
Hamilton County Government's (General funds)	0%	
Collegedale	0%	2.46%
East Ridge	0%	6.24%
Lakesite	0%	0.54%
Lookout Mountain	0%	0.54%
Red Bank	0%	3.46%
Ridgeside	0%	0.12%
Signal Mountain	0%	2.25%
Soddy-Daisy	0%	3.78%
Walden	0%	0.56%
Other (Outside Hamilton County)	0%	
	Above percentages should total 100%	
<b>Percent of Services rendered to residents of:</b>	Estimate, if you do not now track this data.	
Chattanooga	100%	49.83%
Unincorporated Hamilton County	0%	30.22%
Hamilton County Government's (General funds)	0%	
Collegedale	0%	2.46%
East Ridge	0%	6.24%
Lakesite	0%	0.54%
Lookout Mountain	0%	0.54%
Red Bank	0%	3.46%
Ridgeside	0%	0.12%
Signal Mountain	0%	2.25%
Soddy-Daisy	0%	3.78%
Walden	0%	0.56%
Other (Outside Hamilton County)	0%	
	Above percentages should total 100%	

\*Population numbers are from U.S. Census estimates at July 1, 2010.

## Attachment B: Comparative Financial Information for Technology Development & Transfer

It is important that Chattanoogaans and Council members understand the retrospective impact of the dollars allocated and how those dollars directly improve the residents and businesses located in the City of Chattanooga. The Chattanooga City Council is delighted to learn of improvements in our region, but particularly interested in knowing more about the efforts specifically funded by Chattanooga dollars to benefit Chattanooga residents. Therefore, we are requesting additional information this year to better understand how all municipalities meet your funding needs.

<b>Dollars provided to your organization in FY 2013 by the following entities:</b>	Percent of your total annual operational funding provided by local government	% of Hamilton County population*
Chattanooga	100%**	49.83%
Unincorporated Hamilton County	0%	30.22%
Hamilton County Government's (General funds)	0%	
Collegedale	0%	2.46%
East Ridge	0%	6.24%
Lakesite	0%	0.54%
Lookout Mountain	0%	0.54%
Red Bank	0%	3.46%
Ridgeside	0%	0.12%
Signal Mountain	0%	2.25%
Soddy-Daisy	0%	3.78%
Walden	0%	0.56%
Other (Outside Hamilton County)	0%	
	Above percentages should total 100%	
<b>Percent of Services rendered to residents of:</b>	Estimate, if you do not now track this data.	
Chattanooga	75%	49.83%
Unincorporated Hamilton County	25%	30.22%
Hamilton County Government's (General funds)		
Collegedale		2.46%
East Ridge		6.24%
Lakesite		0.54%
Lookout Mountain		0.54%
Red Bank		3.46%
Ridgeside		0.12%
Signal Mountain		2.25%
Soddy-Daisy		3.78%
Walden		0.56%
Other (Outside Hamilton County)	0%	
	Above percentages should total 100%	

\* Population numbers are from U.S. Census estimates at July 1, 2010.

\*\* Funding for Technology Development and Transfer program is from a federal grant from the U.S. Small Business Administration.



Attachment C: Program Beneficiary Statistics

(This should reflect total program count. Copy as needed for each program.)

The Enterprise Center – High-Speed Ground Transportation/Maglev Program –

<b>Program Beneficiary Characteristics Clients/Patients/Recipients/Other</b>	<b>Last Year</b>	<b>This year (estimated)</b>	<b>Next Year (projected)</b>
<b>1. Unduplicated Count of Program Beneficiaries TOTAL</b>	<b>X</b>	<b>X</b>	<b>X</b>
a) Total Continuing From Previous Fiscal Year			
b) Total New for the Year			
c) Total Terminated During the Year			
<b>2. Age Group TOTAL</b>	<b>X</b>	<b>X</b>	<b>X</b>
a) Infants – Under 5			
b) Between 5 and 12			
c) Between 13 and 17			
d) Between 18 and 29			
e) Between 30 and 64			
f) 65 and over			
g) Not Known			
<b>3. Sex TOTAL</b>	<b>X</b>	<b>X</b>	<b>X</b>
a) Male			
b) Female			
c) Not Known			
<b>4. Ethnic Background TOTAL</b>	<b>X</b>	<b>X</b>	<b>X</b>
a) White			
b) Black			
c) Hispanic			
d) Oriental			
e) Other – Ethnic Minority			
f) Not Known			
<b>5. % Income Level TOTAL</b>	<b>X</b>	<b>X</b>	<b>X</b>
a) Below 9,999			
b) 10,000 –19,999			
c) 20,000 – 29,999			
d) 30,000 and Over			
e) Not Known			
<b>6. Location of Residence TOTAL</b>	<b>X</b>	<b>X</b>	<b>X</b>
a) Chattanooga			
b) Outside of Chattanooga			
c) Not Known			

**NOTE** – HSGT is a value-added activity yielding significant gains for the City of Chattanooga community as a whole. Successful outcomes include reduced pollution and oil dependence, increased wages and tax revenues as well as regional competitiveness. Once the project reaches the construction stage it is estimated it could be completed in an 8 to 10 year period.

**Attachment C: Program Beneficiary Statistics**  
*(This should reflect total program count. Copy as needed for each program.)*

**The Enterprise Center – Community Revitalization Program –**

<b>Program Beneficiary Characteristics Clients/Patients/Recipients/Other</b>	<b>Last Year</b>	<b>This year (estimated)</b>	<b>Next Year (projected)</b>
<b>1. Unduplicated Count of Program Beneficiaries TOTAL</b>			
a) Total Continuing From Previous Fiscal Year	X	X	X
b) Total New for the Year	X	X	X
c) Total Terminated During the Year	X	X	X
<b>2. Age Group TOTAL</b>			
a) Infants – Under 5			
b) Between 5 and 12			
c) Between 13 and 17			
d) Between 18 and 29			
e) Between 30 and 64			
f) 65 and over			
g) Not Known	X	X	X
<b>3. Sex TOTAL</b>			
a) Male			
b) Female			
c) Not Known	X	X	X
<b>4. Ethnic Background TOTAL</b>			
a) White			
b) Black			
c) Hispanic			
d) Oriental			
e) Other – Ethnic Minority			
f) Not Known	X	X	X
<b>5. % Income Level TOTAL</b>			
a) Below 9,999			
b) 10,000 –19,999			
c) 20,000 – 29,999			
d) 30,000 and Over			
e) Not Known	X	X	X
<b>6. Location of Residence TOTAL</b>			
a) Chattanooga	X	X	X
b) Outside of Chattanooga			
c) Not Known			

- X – The Enterprise Center’s Community Revitalization Program is a value-added activity yielding significant gains for the City of Chattanooga as a whole. Successful outcomes include: commercial development that helped jumpstart strategic community revitalization efforts; an increase in jobs, wages and tax revenues; as well as improved regional competitiveness.
  
- X – The City’s Brownfields Program – of which The Enterprise Center plays a key role in this community revitalization initiative – has yielded economic impact in the Chattanooga area. Some 13 EPA grants have been awarded to the City and County, with \$3.55 million in federal funds received. Successful outcomes include: remediation of blighted, underused and hazardous sites in Alton Park and other urban core communities and over \$22 million in leveraged investments. In addition, the program’s assessment, job training and revolving loan activities are identifying potential redevelopment sites, providing job training/placement opportunities for residents in brownfields-affected areas, and offering access to capital for business recruitment into targeted communities. These activities will ultimately result in commercial and industrial redevelopment and an increase in jobs, wages and tax revenues impacting all Chattanoogaans.
  
- X – The Brownfields Job Training Program – This program fills a retraining void for an underserved niche population. Our niche population consists of single working mothers and fathers, severely limited formal education (almost all only have a GED or high school diploma), health challenges in terms of partners or parents with cancer and sick children - compounded by lack of health insurance, and an overall belief that no one is walking their discouraging economic path along-side them.

In the planning stages of our program we endeavored to reduce barriers for every individual in the program through our partners. We coordinated coursework development to make job seeking easier. Our industry partners, instead of sourcing unknown workers through staffing agencies, see the development of class participants on a week by week basis. This gives them a belief that they have a drive to “work”. As a result our training and industry partners are genuinely concerned about helping our graduates find long-term success in the workforce.

There is a need for our program to be expanded because we are finding that the demand for our program by qualified applicants far exceeds our original expectations. We would like to provide more training classes to accommodate this excess need.

Attachment C: Program Beneficiary Statistics - Technology Development & Transfer -

(This should reflect total program count. Copy as needed for each program.)

<b>Program Beneficiary Characteristics Clients/Patients/Recipients/Other</b>	<b>Last Year</b>	<b>This year (estimated)</b>	<b>Next Year (projected)</b>
<b>1. Unduplicated Count of Program Beneficiaries TOTAL</b>			
a) Total Continuing From Previous Fiscal Year			
b) Total New for the Year			
c) Total Terminated During the Year			
<b>2. Age Group TOTAL</b>			
a) Infants – Under 5			
b) Between 5 and 12			
c) Between 13 and 17			
d) Between 18 and 29	20%	25%	25%
e) Between 30 and 64	80%	75%	75%
f) 65 and over			
g) Not Known			
<b>3. Sex TOTAL</b>			
a) Male	88%	60%	75%
b) Female	12%	40%	25%
c) Not Known			
<b>4. Ethnic Background TOTAL</b>			
a) White	80%	74%	70%
b) Black	12%	16%	18%
c) Hispanic	4%	5%	8%
d) Oriental	4%	5%	4%
e) Other – Ethnic Minority			
f) Not Known			
<b>5. % Income Level TOTAL</b>			
a) Below 9,999			
b) 10,000 –19,999			
c) 20,000 – 29,999	10%	20%	20%
d) 30,000 and Over	90%	80%	80%
e) Not Known			
<b>6. Location of Residence TOTAL</b>			
a) Chattanooga	50%	50%	50%
b) Outside of Chattanooga	50%	50%	50%
c) Not Known			

**Attachment D: Schedule of Positions, Salaries & Wages**

**ALL FINANCIAL INFORMATION TO THE NEAREST DOLLAR. FOR ADDITIONAL EMPLOYEES, COPY THIS FORM AS NEEDED.**

Title of Position	Last Name, Initial	Part Time yes/no	Years Employed	Retirement Benefits? Yes/no	Current			Proposed		
					Weeks Employed	Annual Rate	Budgeted	Weeks Employed	Annual Rate	Budgeted
President and CEO	Cropp, J	No	7	Yes	52	133,900	137,917	52	140,675	140,676
Finance Manager	Partap, M	No	7	Yes	52	70,006	70,006	52	71,406	71,406
Special Projects	Ferguson, L	Yes	8	Yes	16	83,225	20,806			
RC Manager		No		Yes	52	74,420	39,649	52	69,870	69,870
TDT Director	Daly, C	No	4	Yes	52	99,282	99,282	52	101,267	101,267
Executive Assistant	Doll, C	No	3	Yes	52	40,711	40,711	52	41,525	41,525
Executive Assistant	Tucker, N	No	2	Yes	52	39,913	39,913	52	40,711	40,711
<b>TOTAL</b>						<b>541,457</b>	<b>448,284</b>		<b>465,455</b>	<b>465,455</b>

List positions of all staff, in order of responsibility.

**Attachment E: Major Sources of Funding for the Past Five Years**

Program/Project Title	Name of Funding Source	Rec'd Four Years Ago (2009)	Rec'd Three Years Ago (2010)	Rec'd Two Years Ago (2011)	Rec'd Last Year (2012)	Rec'd Current Year (2013)	Requested For Next Year (2014)
High Speed Rail	TDOT	\$333,234	\$209,020	\$282,855	\$340,335	\$299,372	\$188,419
Connect the Valley	NOAA	\$80,393	\$92,356	\$29,994	\$97,925	\$124,669	\$185,215
Connect the Valley	SBA	\$271,116	\$329,715	\$387,983	\$315,735	\$240,928	\$176,733
Renewal Community	Fees	\$56,050	\$62,000	\$0	\$0	\$0	\$0
City Grant	City of Chattanooga	\$100,000	\$137,500	\$160,500	\$160,500	\$160,500	\$160,500
Job Training Grant	EPA	\$0	\$0	\$0	\$34,675	\$175,645	\$89,679
CoLab Project	Colabs	\$0	\$0	\$0	\$20,000	\$30,000	\$0
Green Job Training	City CDBG	\$0	\$0	\$0	\$0	\$0	\$150,000
Other		\$91,060	\$88,817	\$67,678	\$50,056	\$61,400	\$51,500
<b>TOTAL</b>		<b>\$931,853</b>	<b>\$919,408</b>	<b>\$929,011</b>	<b>\$1,019,226</b>	<b>\$1,092,514</b>	<b>\$1,002,046</b>

<b>Attachment F: Budget Format</b>							
<b>CITY OF CHATTANOOGA</b>							
<b>FY2014 Agency Funding Financial Form</b>							
<b>Account Category</b>	<b>Actual FY2010</b>	<b>Actual FY2011</b>	<b>Actual FY2012</b>	<b>Budget FY2013</b>	<b>Request FY2014</b>	<b>Incr (Decr) Request vs. FY13 Bud</b>	<b>% Change Request vs FY13 Bud</b>
<b>REVENUES</b>							
Contributions							
Individuals/Private	0.00	0.00	0.00	0.00	0.00	0	N/A
Corporate/Organizations/Churches	0.00	0.00	0.00	0.00	0.00	0	N/A
Fees/Grants from Governmental Agencies							
Federal	422,071.02	417,977.27	448,335.20	541,242.16	601,627.19	60,385.03	11.2%
State	209,019.91	282,854.52	340,335.01	299,371.94	188,418.62	(110,953.32)	-37.1%
Hamilton County	0.00	0.00	0.00	0.00	0.00	0.00	N/A
City of Chattanooga	137,500.00	160,500.00	160,500.00	160,500.00	160,500.00	0.00	0.0%
Other Cities (Please list)	0.00	0.00	0.00	0.00	0.00	0	N/A
United Way							
Foundations (including grants)	0.00	0.00	0.00	0.00	0.00	0.00	N/A
Gross Proceeds Special Events	0.00	0.00	0.00	0.00	0.00	0.00	N/A
Other UWs/Federations	0.00	0.00	0.00	0.00	0.00	0.00	N/A
CFC/Designations received thru UWGC	0.00	0.00	0.00	0.00	0.00	0.00	N/A
UWGC Program Allocation	0.00	0.00	0.00	0.00	0.00	0.00	N/A
UWGC Special Funding	0.00	0.00	0.00	0.00	0.00	0.00	N/A
Membership Dues	0.00	0.00	0.00	0.00	0.00	0.00	N/A
Program Income	0.00	0.00	0.00	0.00	0.00	0.00	N/A
Governmental Insurance	0.00	0.00	0.00	0.00	0.00	0.00	N/A
Private Insurance	0.00	0.00	0.00	0.00	0.00	0.00	N/A
Contracted Services	75,006.36	49,069.17	45,000.00	55,000.00	25,000.00	(30,000.00)	-54.5%
Fee for Services	62,000.00	0.00	0.00	0.00	0.00	0.00	N/A
Other Program Income	0.00	0.00	0.00	0.00	0.00	0.00	N/A
Sales to Public	0.00	0.00	0.00	0.00	0.00	0.00	N/A
Investment Income	1,307.46	850.43	605.68	400.00	500.00	100.00	25.0%
Miscellaneous	0.00	0.00	0.00	0.00	0.00	0.00	N/A
major item)	12,503.02	17,758.20	24,450.00	36,000.00	26,000.00	(10,000.00)	-27.8%
Transfers in from other internal budgets	0.00	0.00	0.00	0.00	0.00	0.00	N/A
Income from Previous Year	0.00	0.00	0.00	0.00	0.00	0.00	N/A
<b>TOTAL REVENUES</b>	<b>\$ 919,407.77</b>	<b>\$ 929,009.59</b>	<b>\$ 1,019,225.89</b>	<b>\$ 1,092,514.10</b>	<b>\$ 1,002,045.81</b>	<b>\$ (90,468.29)</b>	<b>-8.3%</b>



<b>OPERATIONS</b>							
<b>Personnel Expenses</b>							
Salaries	526,277.11	512,067.50	532,646.90	448,284.07	465,455.05	17,170.98	3.8%
Fringe Benefits						0	N/A
Employee Health	30,624.12	34,404.84	44,850.18	44,947.23	46,807.20	1859.97	4.1%
Pension/Retirement	37,154.84	36,392.35	37,709.81	31,379.88	32,581.85	1201.97	3.8%
Payroll Taxes, etc.	39,591.73	38,334.79	39,772.87	32,364.47	33,507.03	1142.56	3.5%
Other (unemployment, life insurance, etc.)	29,032.34	12,623.55	26,069.90	18,040.06	18,938.00	897.94	5.0%
<b>Total Personnel Expenses</b>	\$ 662,680.14	\$ 633,823.03	\$ 681,049.66	\$ 575,015.71	\$ 597,289.13	22,273.42	3.9%
<b>OPERATING EXPENSES</b>							
<b>Administration</b>							
Services							
Professional Fee & Contract service	124,245.88	159,898.86	143,915.27	353,195.78	286,793.00	-66402.78	-18.8%
Utilities	0.00	0.00	0.00	0.00	0.00	0	N/A
Rent	0.00	0.00	0.00	0.00	0.00	0	
Travel/Transportation	16,576.21	15,357.97	40,165.93	20,584.03	14,781.00	-5803.03	-28.2%
Local	0.00	0.00	0.00	0.00	0.00	0	
Out of Town	0.00	0.00	0.00	0.00	0.00	0	
Insurance (not employee health)	8,080.03	10,615.70	11,390.50	11,800.00	11,700.00	-100	-0.8%
Materials & Supplies	9,797.43	7,941.42	40,501.20	25,015.57	20,999.74	-4015.83	-16.1%
Telephone, Fax, ISP	3,476.68	8,156.47	15,831.08	7,084.36	8,003.57	919.21	13.0%
Postage and Shipping	519.85	601.50	321.65	738.89	1,425.00	686.11	92.9%
Occupancy/Building/Utilities	32,448.09	25,176.36	14,860.91	18,000.00	17,500.00	-500	-2.8%
Equipment Rental and Maintenance	4,418.01	4,139.16	4,139.16	4,139.16	3,104.37	-1034.79	-25.0%
Outside Printing, Art Work, etc.	0.00	0.00	0.00	0.00	0.00	0	N/A
Conferences, Conventions, etc.	20,077.85	28,152.62	34,843.82	56,522.49	26,250.00	-30272.49	-53.6%
Special Assistance to Individuals	0.00	0.00	0.00	0.00	0.00	0	N/A
National Dues/Support Payments	0.00	0.00	0.00	0.00	0.00	0	N/A
Organization Dues (other than above)	7,903.02	9,959.00	8,353.00	7,060.00	2,250.00	-4810	-68.1%
Awards and Grants	5,000.00	0.00	0.00	0.00	0.00	0	N/A
Fund Raising/Self-Support Activities	0.00	0.00	0.00	0.00	0.00	0	N/A
Miscellaneous	6,319.72	1,982.66	1,294.05	270.00	100.00	-170	-63.0%
Equipment Purchases	3,996.40	2,703.52	9,937.42	8,088.29	4,600.00	-3488.29	-43.1%
Depreciation	0.00	0.00	0.00	0.00	0.00	0	N/A
(major item)	0.00	20,000.00	0.00	4,999.82	7,250.00	2250.18	45.0%
<b>Operating Expenses Total</b>	\$ 242,859.17	\$ 294,685.24	\$ 325,553.99	\$ 517,498.39	\$ 404,756.68	(112,741.71)	-21.8%
<b>TOTAL OPERATIONS</b>	\$ 905,539.31	\$ 928,508.27	\$ 1,006,603.65	\$ 1,092,514.10	\$ 1,002,045.81	(90,468.29)	-8.3%
<b>REVENUE OVER/ (UNDER) OPERATIONS</b>	\$ 13,868.46	\$ 501.32	\$ 12,622.24	\$ 0.00	\$ -	(0.00)	-100.0%

Secretary of State  
Division of Business Services

312 Eighth Avenue North  
5th Floor, William R. Snodgrass Tower  
Nashville, Tennessee 37243

DATE: 03/31/03  
REQUEST NUMBER: 4776-0006  
TELEPHONE CONTACT: (615) 741-2286  
FILE DATE/TIME: 03/31/03 1548  
EFFECTIVE DATE/TIME: 03/31/03 1548  
CONTROL NUMBER: 0444388

TO:  
MILLER & MARTIN  
832 GEORGIA AVE  
STE 1000  
CHATTANOOGA, TN 37402

RE:  
THE ENTERPRISE CENTER, INC.  
CHARTER - NONPROFIT

CONGRATULATIONS UPON THE INCORPORATION OF THE ABOVE ENTITY IN THE STATE OF TENNESSEE, WHICH IS EFFECTIVE AS INDICATED.

A CORPORATION ANNUAL REPORT MUST BE FILED WITH THE SECRETARY OF STATE ON OR BEFORE THE FIRST DAY OF THE FOURTH MONTH FOLLOWING THE CLOSE OF THE CORPORATION'S FISCAL YEAR. ONCE THE FISCAL YEAR HAS BEEN ESTABLISHED, PLEASE PROVIDE THIS OFFICE WITH THE WRITTEN NOTIFICATION. THIS OFFICE WILL MAIL THE REPORT DURING THE LAST MONTH OF SAID FISCAL YEAR TO THE CORPORATION AT THE ADDRESS OF ITS PRINCIPAL OFFICE OR TO A MAILING ADDRESS PROVIDED TO THIS OFFICE IN WRITING. FAILURE TO FILE THIS REPORT OR TO MAINTAIN A REGISTERED AGENT AND OFFICE WILL SUBJECT THE CORPORATION TO ADMINISTRATIVE DISSOLUTION.

WHEN CORRESPONDING WITH THIS OFFICE OR SUBMITTING DOCUMENTS FOR FILING, PLEASE REFER TO THE CORPORATION CONTROL NUMBER GIVEN ABOVE. PLEASE BE ADVISED THAT THIS DOCUMENT MUST ALSO BE FILED IN THE OFFICE OF THE REGISTER OF DEEDS IN THE COUNTY WHEREIN A CORPORATION HAS ITS PRINCIPAL OFFICE IF SUCH PRINCIPAL OFFICE IS IN TENNESSEE.

FOR: CHARTER - NONPROFIT

ON DATE: 03/31/03

FROM:  
MILLER & MARTIN (VOLUNTEER BLDG/S-1000)  
1000 VOLUNTEER BLDG.  
832 GEORGIA AVENUE  
CHATTANOOGA, TN 37402-0000

	FEES	
RECEIVED:	\$100.00	\$0.00
TOTAL PAYMENT RECEIVED:		\$100.00

RECEIPT NUMBER: 00003250760  
ACCOUNT NUMBER: 00000307



*Riley C. Darnell*

RILEY C. DARNELL  
SECRETARY OF STATE

CHARTER OFTHE ENTERPRISE CENTER, INC.

The undersigned, being qualified to act as the incorporator, adopts the following charter for the purpose of organizing a nonprofit corporation under the Tennessee Nonprofit Corporation Act.

1. The name of the corporation is The Enterprise Center, Inc.
2. This corporation is a public benefit corporation.
3. The initial registered office of the corporation is Suite 1000, Volunteer Building, 832 Georgia Avenue, Chattanooga, Hamilton County, Tennessee 37402; and its registered agent at that office is Ansley T. Moses.
4. The name of the incorporator is Ansley T. Moses and his address is Suite 1000, Volunteer Building, 832 Georgia Avenue, Chattanooga, Tennessee 37402.
5. The address of the principal office of the corporation is 101 East 11th Street, Chattanooga, Tennessee 37402.
6. The corporation is not for profit.
7. The corporation will not have members.
8. The board of directors of the corporation shall include not less than three (3) nor more than nine (9) persons chosen in accordance with the bylaws of the corporation.
9. The corporation is organized exclusively for charitable purposes within the meaning of Section 501(c)(3) of the Internal Revenue Code of 1986, as amended ("Internal Revenue Code"), including the relief of the poor and distressed, lessening the burdens of government, promoting social welfare and combating community deterioration, and in furtherance of such purposes, the corporation will operate to further the economic development of the City of Chattanooga and its surrounding region by assisting in stimulating new capital investment, encouraging revitalization, promoting research and development, supporting the development of technology-based economic activity, coordinating public and private economic and technology development strategies, initiating and managing projects and activities in connection with such economic and technology development strategies, providing advice and financial assistance to the

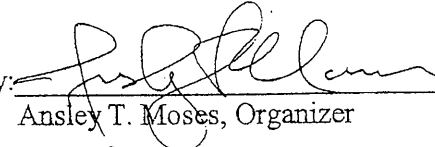
public and private sectors for economic and social development, and serving as a clearing house for information, and the corporation shall act to solicit, collect, receive, accumulate, advance and disburse funds and property in such manner which will most effectively operate to further such activities, all of such purposes being purposes in furtherance of the development and social welfare of the area and its residents.

10. Notwithstanding the other provisions of this charter, the corporation shall only conduct or carry on activities permitted to be conducted or carried on by an organization exempt under Section 501(c)(3) of the Internal Revenue Code and its regulations, and by any organization, contributions to which are deductible under Section 170(c)(2) of such Code and regulations so long as they may be in effect.
11. The corporation is irrevocably dedicated to, and operated exclusively for, charitable purposes, and no part of the income or assets of the corporation shall be distributed to, or inure to the benefit of, any individual, except that the corporation shall be authorized and empowered to pay reasonable compensation for services rendered on its behalf and to make payments and distributions in furtherance of the purposes set forth in this charter.
12. The corporation shall have the rights and powers now or later conferred upon non-profit corporations by the laws of the State of Tennessee.
13. In the event of dissolution, liquidation, or winding up of the corporation, whether voluntarily, involuntarily, or by operation of the law, the assets of the corporation shall be distributed in accordance with a plan of distribution adopted by the board of directors, exclusively for one or more charitable purposes within the meaning of Section 501(c)(3) of the Code, or shall be distributed to federal, state or local governments exclusively for public purposes.
14. No director of the corporation shall incur personal liability to the corporation for monetary damages for any breach of his or her fiduciary duty as a director; provided, however, that this provision shall not eliminate or limit the liability of a director:
  - a. for any breach of the director's duty of loyalty to the corporation;
  - b. for acts or omissions not in good faith or which involve intentional misconduct or a knowing violation of law; or
  - c. for any unlawful distribution under Tennessee Code Annotated Section 48-58-304.

It is intended that these provisions provide for limitation of liability of the directors to the fullest extent permitted by law. If the Tennessee Nonprofit Corporation Act is hereafter amended to authorize the further elimination or limitation of the liability of directors, then the liability of a director of the corporation, in addition to the limitation on personal liability provided herein, shall be eliminated or limited to the fullest extent permitted by the Tennessee Nonprofit Corporation Act.

15. To the fullest extent permitted by applicable law, the corporation shall be permitted to indemnify any officer or director of the corporation in connection with any action, claim, or other proceeding to which any officer or director of the corporation is a party because he or she is or was an officer or a director of the corporation and arising out of his or her status as an officer or director.
16. The provisions of this charter are subject to amendment by the board of directors of the corporation; provided that no provision shall be changed, modified or repealed in such a manner as to be inconsistent with the objects and purposes for which this corporation is formed.

Dated this 26<sup>th</sup> day of March, 2003.

By:   
\_\_\_\_\_  
Ansley T. Moses, Organizer

INTERNAL REVENUE SERVICE  
P. O. BOX 2508  
CINCINNATI, OH 45201

DEPARTMENT OF THE TREASURY

Date:

MAY 02 2008

ENTERPRISE CENTER INC  
1250 MARKET ST STE 3020  
CHATTANOOGA, TN 37402-4443

Employer Identification Number:  
20-0062024  
DLN:  
17053096849048  
Contact Person:  
SHAWNDEA KREBS ID# 31072  
Contact Telephone Number:  
(877) 829-5500  
Public Charity Status:  
170(b)(1)(A)(vi)

Dear Applicant:

Our letter dated February 2005, stated you would be exempt from Federal income tax under section 501(c)(3) of the Internal Revenue Code, and you would be treated as a public charity, rather than as a private foundation, during an advance ruling period.


Based on the information you submitted, you are classified as a public charity under the Code section listed in the heading of this letter. Since your exempt status was not under consideration, you continue to be classified as an organization exempt from Federal income tax under section 501(c)(3) of the Code.

Publication 557, Tax-Exempt Status for Your Organization, provides detailed information about your rights and responsibilities as an exempt organization. You may request a copy by calling the toll-free number for forms, (800) 829-3676. Information is also available on our Internet Web Site at [www.irs.gov](http://www.irs.gov).

If you have general questions about exempt organizations, please call our toll-free number shown in the heading.

Please keep this letter in your permanent records.

Sincerely yours,

  
Robert Choi  
Director, Exempt Organizations  
Rulings and Agreements

Letter 1050 (DO/CG)

**THE ENTERPRISE CENTER, INC.**

**FINANCIAL REPORT**

**JUNE 30, 2012**



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Independent Auditors' Report on the  
Financial Statements and Supplementary Schedules of  
Expenditures of Federal Awards and Functional Expenses

To the Board of Directors  
The Enterprise Center, Inc.  
Chattanooga, Tennessee

We have audited the accompanying statements of financial position of The Enterprise Center, Inc. (the Organization) as of June 30, 2012 and 2011, and the related statements of activities and cash flows for the years then ended. These financial statements are the responsibility of the Organization's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of The Enterprise Center, Inc. as of June 30, 2012 and 2011, and the changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with Government Auditing Standards, we have also issued our report dated November 5, 2012, on our consideration of The Enterprise Center, Inc.'s internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audits.

Our audits were conducted for the purpose of forming an opinion on the financial statements taken as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, "Audits of States, Local Governments, and Non-Profit Organizations," and is not a required part of the basic financial statements. In addition, the schedule of functional expenses on page eleven is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audits of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements taken as a whole.

*Haylett, Lewis & Bister, PLLC*

Chattanooga, Tennessee  
November 5, 2012

THE ENTERPRISE CENTER, INC.  
 STATEMENTS OF FINANCIAL POSITION  
 June 30, 2012 and 2011

	<u>2012</u>	<u>2011</u>
<b>ASSETS</b>		
Cash	\$ 759,988	\$ 886,948
Accounts receivable	42,825	46,329
Grants receivable	196,762	148,607
Other assets	<u>6,962</u>	<u>6,712</u>
 Total assets	 <u>\$1,006,537</u>	 <u>\$1,088,596</u>
<b>LIABILITIES</b>		
Accounts payable and accrued expenses	\$ 93,425	\$ 90,180
Economic reserve	20,000	20,000
Deferred revenue	<u>477,904</u>	<u>575,830</u>
 Total liabilities	 <u>591,329</u>	 <u>686,010</u>
<b>NET ASSETS</b>		
Unrestricted	<u>415,208</u>	<u>402,586</u>
 Total liabilities and net assets	 <u>\$1,006,537</u>	 <u>\$1,088,596</u>

The Notes to Financial Statements are an integral part of these statements.

THE ENTERPRISE CENTER, INC.

STATEMENTS OF ACTIVITIES  
Years Ended June 30, 2012 and 2011

	<u>2012</u>	<u>2011</u>
Revenue and support:		
Grants	\$ 788,670	\$700,832
Operating subsidy	<u>160,500</u>	<u>160,500</u>
Total grants and subsidy revenue	949,170	861,332
Consulting fees	45,000	49,069
Interest income	606	850
Other income	<u>24,450</u>	<u>17,758</u>
Total revenue and support	<u>1,019,226</u>	<u>929,009</u>
Expenses:		
Program expenses:		
TDOT 2010	78,125	282,855
TDOT 2012	262,209	-
Connect the Valley	97,926	29,994
Community Revitalization	66,179	94,218
Connect the Valley Technology Commercialization Initiative	282,339	-
Connect the Valley Technology Transfer and Development Initiative	33,397	387,983
Y-12 service contract	19,576	9,655
DyHold, LLC service contract	-	18,859
Accelerator service contract	14,168	-
Brownfields job training	<u>34,675</u>	<u>-</u>
Total program expenses	888,594	823,564
General and administrative expenses	<u>118,010</u>	<u>104,944</u>
Total expenses	<u>1,006,604</u>	<u>928,508</u>
Increase in net assets	12,622	501
Net assets, beginning of year	<u>402,586</u>	<u>402,085</u>
Net assets, end of year	<u>\$ 415,208</u>	<u>\$402,586</u>

The Notes to Financial Statements are an integral part of these statements.

THE ENTERPRISE CENTER, INC.

STATEMENTS OF CASH FLOWS  
Year Ended June 30, 2012 and 2011

	<u>2012</u>	<u>2011</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Cash received from grants and subsidy revenue:		
Grants	\$ 642,590	\$ 687,457
Operating subsidy	160,500	160,500
Cash received from interest income	606	850
Cash received from consulting fees	45,000	-
Cash received from grant matching funds	-	100,000
Cash received from other income	27,200	15,500
Cash paid for salaries, wages and fringe benefits	(681,050)	(633,823)
Cash paid for operating expenses	(321,806)	(259,475)
	<u>(126,960)</u>	<u>71,009</u>
Net cash provided by (used in) operating activities		
	<u>(126,960)</u>	<u>71,009</u>
<b>NET INCREASE (DECREASE) IN CASH</b>	<b>(126,960)</b>	<b>71,009</b>
CASH, beginning of year	<u>886,948</u>	<u>815,939</u>
CASH, end of year	<u>\$ 759,988</u>	<u>\$ 886,948</u>
<b>RECONCILIATION OF CHANGE IN NET ASSETS TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES</b>		
Change in net assets	\$ 12,622	\$ 501
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Change in operating assets and liabilities:		
Accounts receivable	3,504	(45,640)
Grants receivable	(48,155)	16,619
Other assets	(250)	(240)
Accounts payable and accrued expenses	3,245	1,007
Economic reserve	-	20,000
Deferred revenue	(97,926)	63,762
Leasehold expense	-	15,000
	<u>(126,960)</u>	<u>71,009</u>
Net cash provided by (used in) operating activities	<u>\$ (126,960)</u>	<u>\$ 71,009</u>

The Notes to Financial Statements are an integral part of these statements.

THE ENTERPRISE CENTER, INC.  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2012 and 2011

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Note 1. Summary of Significant Accounting Policies

The accounting and reporting policies of The Enterprise Center, Inc. (the Organization) conform with United States generally accepted accounting principles (GAAP) and practices within the nonprofit industry. The Financial Accounting Standards Board (FASB) has adopted the FASB Accounting Standards Codification (ASC) as the single source of authoritative nongovernmental GAAP.

The policies that materially affect the financial position and results of operations of the Organization are as follows:

Organization and nature of activities:

The Organization was incorporated in Tennessee in 2003 as a nonprofit corporation. The Organization oversees and guides several federally funded technology projects and performs consulting activities.

Revenue recognition:

The Organization recognizes revenues on cost reimbursement grants as qualifying expenses are incurred. The Organization recognizes revenues on fees for consulting services on a pro rata basis. All funds received as advances are recorded as deferred revenue in the Organization's statement of financial position.

Compensated absences:

Compensated absences consist of personal leave, which is accrued monthly for all personal leave earned but not taken.

Cash:

The Organization considers all cash and highly liquid investments with original maturities of three months or less to be cash equivalents.

Accounts receivable:

Accounts receivable are stated at the amount management expects to collect from outstanding balances.

Concentrations of credit risk:

Financial instruments that potentially subject the Organization to concentrations of credit risk consist principally of cash equivalents. The Organization places its cash equivalents with financial institutions and limits the amount of credit exposure to any one financial institution. From time to time, the Organization's cash balances at First Tennessee Bank and SunTrust Bank exceed federal depository insurance coverage and management considers this to be a normal business risk. The Organization has not experienced any losses on its cash equivalents.

THE ENTERPRISE CENTER, INC.  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2012 and 2011

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Note 1. Summary of Significant Accounting Policies (continued)

Functional expenses:

The Organization maintains cost centers for each program, grant or contract, and for administrative and support operations. Expenses are distributed directly to each cost center based on the cost center that received the goods or services. In instances where more than one cost center benefits, the costs may be allocated based on square footage, personnel, or other allocation criteria for the expenses.

Income tax status:

The Organization is exempt from federal income taxes under Section 501(c) (3) of the Internal Revenue Code. However, income from certain activities not directly related to the Organization's tax-exempt purpose would be subject to taxation as unrelated business income.

The Organization accounts for income taxes in accordance with income tax accounting guidance in ASC Topic 740. The Organization follows the statutory requirements for its income tax accounting and generally avoids risks associated with potentially problematic tax positions that may be challenged upon examination. Management believes any liability resulting from taxing authorities imposing additional income taxes from activities deemed to be unrelated to the Organization's non-taxable status would not have a material effect on the Organization's financial statements. The Organization is no longer subject to tax examinations by tax authorities for years before 2009.

Use of estimates in the preparation of financial statements:

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Subsequent events:

Management performed an evaluation of subsequent events through November 5, 2012, the date these financial statements were available to be issued.

Note 2. Leases

The Organization leases its facilities from the City of Chattanooga. The lease provides for basic rental payments, payable quarterly, based on the costs of operating the facilities. These costs are allocated to the Organization and other tenants of the building on a pro rata basis. The Organization may cancel the lease with six months notice. Total lease expense under this lease was \$14,861 for 2012 and \$10,176 for 2011.



THE ENTERPRISE CENTER, INC.  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2012 and 2011

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Note 3. Commitments and Contingencies

The Organization receives a substantial amount of its support from federal grants and other contractual agreements. A portion of this support is renewable on an annual basis, and such revenues are contingent upon the decisions of the granting authority. The existing support agreements require the fulfillment of certain conditions as set forth in the agreements. Failure to fulfill the conditions or to continue to fulfill them could result in the return of funds. Although this possibility exists, management deems the contingency remote since, by accepting the support and the grantor's terms, it has accommodated the objectives of the grantor to the provisions of the award.

Note 4. Employee Benefit Plan

The Organization has a 403(b) employee benefit plan covering substantially all employees who have completed three months of service, work at least 1,000 hours per year, and are 21 years of age or older. The annual contribution is discretionary and was \$37,710 in 2012 and \$36,392 in 2011.

THE ENTERPRISE CENTER, INC.

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
Year Ended June 30, 2012

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Pass-Through Entity Identifying Number	(Accrued) Deferred Grant Revenue June 30, 2011	Grant Revenue Received	Expenditures	(Accrued) Deferred Grant Revenue June 30, 2012
U.S. DEPARTMENT OF TRANSPORTATION Passed through the Tennessee Department of Transportation Atlanta-Chattanooga-Nashville High Speed Rail Corridor Project	20.205	GR10-30051-00	\$ (66,090)	\$ 144,215	\$ 78,125	\$ -
U.S. DEPARTMENT OF TRANSPORTATION Passed through the Tennessee Department of Transportation Atlanta-Chattanooga-Nashville High Speed Rail Corridor Project	20.205	GR12-36401-00	-	176,777	262,209	(85,432)
ENVIRONMENTAL PROTECTION AGENCY Job Training Grant	66.815	95489211	-	20,781	34,675	(13,894)
NATIONAL OCEANIC AND ATMOSPHERIC ADMINISTRATION Connect the Valley Grant	11.469	NA04NOS4690260	475,830	-	97,926	377,904
U.S. SMALL BUSINESS ADMINISTRATION Connect the Valley Technology Transfer and Development Initiative	59.000	SBAHQ-08-I-0098	(82,517)	115,914	33,397	-
U.S. SMALL BUSINESS ADMINISTRATION Connect the Valley Technology Commercialization Initiative	59.000	SBAHQ-09-I-0159	-	184,903	282,339	(97,436)
TOTAL EXPENDITURES OF FEDERAL AWARDS			<u>\$ 327,223</u>	<u>\$ 642,590</u>	<u>\$ 788,671</u>	<u>\$ 181,142</u>

The Note to Schedule of Expenditures of Federal Awards is an integral part of this schedule.

THE ENTERPRISE CENTER, INC.  
NOTE TO THE SCHEDULE OF EXPENDITURES  
OF FEDERAL AWARDS  
June 30, 2012

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**Basis of Presentation:**

The accompanying schedule of expenditures of federal awards includes the federal grant activity of the Organization and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, "Audit of States, Local Governments, and Non-Profit Organizations." Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

THE ENTERPRISE CENTER, INC.  
SCHEDULE OF FUNCTIONAL EXPENSES  
Year Ended June 30, 2012

	TDOT 2010	TDOT 2012	Connect the Valley	Community Revitalization	Connect the Valley Commercialization Initiative	Connect the Valley Transfer and Development Initiative	Y-12 Service Contract	Accelerator Service Contract	Brownsfields Job Training	Total Program Expenses	General and Administrative	Total
<b>EXPENSES</b>												
<b>Direct expenses:</b>												
Salaries	\$39,155	\$101,879	\$49,644	\$ 51,587	\$ 152,281	\$ 20,179	\$ 5,340	\$ 7,867	\$ 26,158	\$454,090	\$ 78,557	\$ 532,647
Fringe benefits	4,307	20,376	5,461	10,912	28,936	3,027	1,733	1,518	5,232	81,502	66,901	148,403
Total personnel	43,462	122,255	55,105	62,499	181,217	23,206	7,073	9,385	31,390	535,592	145,458	681,050
Consulting	-	78,667	1,557	-	6,334	-	-	-	-	86,558	2,024	88,582
Professional services	-	11,150	-	-	12,399	992	-	-	-	24,541	25,818	50,359
Continuing education	-	-	475	-	1,086	397	-	-	-	1,958	-	1,958
Computers and software	-	2,350	421	-	4,561	-	-	-	2,005	9,337	3,270	12,607
Dues	-	3,500	2,894	50	285	265	-	-	-	6,994	1,359	8,353
Postage and shipping	74	10	-	-	-	12	-	-	-	96	225	321
Occupancy	-	-	-	-	-	-	-	-	-	-	14,861	14,861
Equipment rental and maintenance	-	-	-	-	3,449	690	-	-	-	4,139	-	4,139
Printing and publications	515	468	20,000	-	2,486	-	2,550	-	-	26,019	4,036	30,055
Taxes & licenses	-	-	-	-	-	-	-	-	-	-	322	322
Travel	14,237	1,447	173	720	6,815	404	164	444	960	25,364	3,618	28,982
Meals	1,093	162	-	-	229	322	-	-	219	2,025	384	2,409
Lodging	6,281	701	130	-	1,753	-	-	-	101	8,966	140	9,106
Conferences and meetings	1,144	294	1,299	195	27,825	507	1,541	99	-	32,904	1,938	34,842
Management fees	-	-	-	-	-	-	2,598	-	-	2,598	-	2,598
Insurance	-	-	-	-	-	-	3,918	1,250	-	5,168	6,223	11,391
Telephone	214	2,191	-	861	4,759	260	-	-	-	8,285	7,546	15,831
Office supplies	202	142	115	-	208	87	-	-	-	754	3,944	4,698
Other expenses	-	-	-	-	-	-	-	-	-	-	4,140	4,140
Total direct expenses	<u>67,222</u>	<u>223,337</u>	<u>82,169</u>	<u>64,325</u>	<u>253,406</u>	<u>27,142</u>	<u>17,844</u>	<u>11,178</u>	<u>34,675</u>	<u>781,298</u>	<u>225,306</u>	<u>1,006,604</u>
<b>Indirect expenses:</b>												
Professional services	-	2,996	1,487	1,041	-	-	169	-	-	5,693	(5,693)	-
Occupancy	1,349	2,255	1,363	813	-	-	175	-	-	5,955	(5,955)	-
Overhead	3,750	9,169	4,964	-	7,614	1,816	534	551	-	28,398	(28,398)	-
General and administrative	5,804	24,452	7,943	-	21,319	4,439	854	2,439	-	67,250	(67,250)	-
Total indirect expenses	<u>10,903</u>	<u>38,872</u>	<u>15,757</u>	<u>1,854</u>	<u>28,933</u>	<u>6,255</u>	<u>1,732</u>	<u>2,990</u>	<u>-</u>	<u>107,296</u>	<u>(107,296)</u>	<u>-</u>
<b>Total expenses</b>	<b>\$78,125</b>	<b>\$262,209</b>	<b>\$97,926</b>	<b>\$ 66,179</b>	<b>\$ 282,339</b>	<b>\$ 33,397</b>	<b>\$ 19,576</b>	<b>\$ 14,168</b>	<b>\$ 34,675</b>	<b>\$888,594</b>	<b>\$ 118,010</b>	<b>\$1,006,604</b>

Independent Auditors' Report on Internal Control Over Financial Reporting  
and on Compliance and Other Matters Based on an Audit of  
Financial Statements Performed in Accordance With  
Government Auditing Standards

To the Board of Directors  
The Enterprise Center, Inc.  
Chattanooga, Tennessee

We have audited the financial statements of The Enterprise Center, Inc. (the Organization) as of and for the year ended June 30, 2012, and have issued our report thereon dated November 5, 2012. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

Management of the Organization is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered the Organization's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control over financial reporting.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Organization's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards.

This report is intended solely for the information and use of the Board of Directors, management, others within the Organization, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

*Haskett, Lewis & Bister, PLLC*

Chattanooga, Tennessee  
November 5, 2012

Independent Auditors' Report on Compliance With Requirements  
That Could Have a Direct and Material Effect on the Major Program and on  
Internal Control Over Compliance in Accordance With OMB Circular A-133

To the Board of Directors  
The Enterprise Center, Inc.  
Chattanooga, Tennessee

Compliance

We have audited the compliance of The Enterprise Center, Inc. (the Organization) with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that could have a direct and material effect on its major federal program for the year ended June 30, 2012. The Organization's major federal program is identified in the summary of auditors' results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to its major federal program is the responsibility of the Organization's management. Our responsibility is to express an opinion on the Organization's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; and OMB Circular A-133, "Audits of States, Local Governments, and Non-Profit Organizations". Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Organization's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the Organization's compliance with those requirements.

In our opinion, The Enterprise Center, Inc. complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended June 30, 2012.

## Internal Control Over Compliance

Management of the Organization is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the Organization's internal control over compliance with the requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

This report is intended solely for the information and use of the Board of Directors, management, others within the Organization, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

*Hasfett, Lewis & Bieter, PLLC*

Chattanooga, Tennessee  
November 5, 2012



THE ENTERPRISE CENTER, INC.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
Year Ended June 30, 2012

SECTION I - SUMMARY OF AUDITORS' RESULTS

Financial Statements

Type of auditors' report issued: Unqualified

Internal control over financial reporting:

- Material weaknesses identified?  yes  no
- Significant deficiencies identified that are not considered to be material weaknesses?  yes  none reported

Noncompliance material to financial statements noted?  yes  no

Federal Awards

Internal control over major programs:

- Material weaknesses identified?  yes  no
- Significant deficiencies identified that are not considered to be material weaknesses?  yes  none reported

Type of auditors' report issued on compliance for major programs: Unqualified

Any audit findings disclosed that are required to be reported in accordance with section 510(a) of Circular A-133?  yes  no

Identification of major programs:

<u>CFDA Numbers</u>	<u>Name of Federal Program or Cluster</u>
59.000	Connect the Valley Technology Commercialization Initiative

Dollar threshold used to distinguish between type A and type B programs: \$300,000

Auditee qualified as low-risk auditee?  yes  no

THE ENTERPRISE CENTER, INC.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
Year Ended June 30, 2012

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SECTION II - FINANCIAL STATEMENT FINDINGS

None

SECTION III - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

None

THE ENTERPRISE CENTER, INC.  
SCHEDULE OF PRIOR AUDIT FINDINGS  
Year Ended June 30, 2012

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None

## Board of Directors 2012-2013 Contact List

<u>Director's Name</u>	<u>Address</u>	<u>Phone/Email</u>	<u>Position</u>	<u>Original Appt.</u>
Jim Sattler (2013)	117 Forest Ave Chattanooga, TN 37405	423-266-5947 <a href="mailto:jim@chestnutdevpartners.com">jim@chestnutdevpartners.com</a>	Chairman	June, 2010
W. Scott Mattice (2014)	38 Middle Creek Road Chattanooga, TN 37377	423-752-4732 <a href="mailto:Scott.mattice@morganstanley.com">Scott.mattice@morganstanley.com</a>	Vice-Chairman	July, 2008
Dr. Richard Brown (2013)	615 McCallie Avenue, Dept. 5505 Chattanooga, TN 37403	423-425-4393 <a href="mailto:Richard.brown@utc.edu">Richard.brown@utc.edu</a>	Secretary/Treasurer	2003
Dr. Roy Keith	PO Box 4392 Chattanooga, TN 37405	912-596-1182 <a href="mailto:roykeith4@aol.com">roykeith4@aol.com</a>	Board Member	April, 2009
Greg A. Vital (2014)	8325 Hwy 60, PO Box 249 Georgetown, TN 37336	423-339-3050 <a href="mailto:ihpllc@aol.com">ihpllc@aol.com</a>	Board Member	Aug, 2011
Ron Loving (2015)	3177 Forest Shadows Drive Chattanooga, TN 37421	423-430-0879 <a href="mailto:ronaloving@netzero.com">ronaloving@netzero.com</a>	Board Member	2003
Jim Hall (2013)	233 Pennsylvania Ave., SE, Suite 200 Washington, DC 20003	202-312-0600 <a href="mailto:jhall@hallassoc.net">jhall@hallassoc.net</a>	Board Member	2003
Patsy Hazlewood (2014)	19 Northfield Road Signal Mountain, TN 37377	423-886-2400 <a href="mailto:patsyhazlewood@gmail.com">patsyhazlewood@gmail.com</a>	Board Member	April, 2008
A.V. "Terry" Blunt (2015)	1201 East Brow Road Signal Mountain, TN 37377	423-322-7631 <a href="mailto:Terry.brow@comcast.net">Terry.brow@comcast.net</a>	Board Member	Aug, 2009

## Section II: City Council Questionnaire

1. What other Chattanooga organizations have a mission similar to yours?

The Enterprise Center cooperates with the other organizations in Chattanooga. We, along with our other partner agencies, form a patchwork of organizations that are attracting new talent to Chattanooga and expanding the city's entrepreneurial climate. Other partner agencies like the Chattanooga Technology Council, CoLabs, and the Lamp Post Group all have similar missions but different focuses like education, business acceleration, and venture capital incubation.

2. What does your organizations do, supply, or perform that no other organization in Chattanooga addresses?

The Enterprise Center advances Chattanooga's technology agenda. No other organization addresses the need to enhance the regional economy through new products, manufacturing techniques, and/or companies. No other organization drives the need to build the infrastructure for high speed rail through Chattanooga. The Enterprise Center, in coordination with other economic development organizations and the City, assists in attracting green and job training grants to the City of Chattanooga.

3. What is your fiscal year?

The Enterprise Center's current fiscal year is July 1, 2012 to June 30, 2013

The fiscal year covered by this funding request is July 1, 2013 to June 30, 2014

4. List the previous years you have submitted requests to the City of Chattanooga, the amount of the requests, and the amounts granted?

Year	Requested	Granted	Drawn
FY2013	\$160,500	\$160,500	
FY2012	\$160,500	\$160,500	
FY2011	\$160,500	\$160,500	
FY2010	\$242,500	\$242,500	\$237,500
FY2009	\$125,000	\$100,000	
FY2008	\$100,000	\$100,000	

5. Describe your debt and expenses in ratio to revenue.

The Enterprise Center does not carry debt.

The Enterprise Center's expense to revenue ratios are:

Actual FY 2012 – 0.99

Budgeted FY 2013 – 1.00

Budgeted FY 2014 – 1.00

6. List any debt over \$10,000, and when that debt will be satisfied.

The Enterprise Center does not carry debt.

7. What percentage of your budget dedicated to salaries vs. percentage of budget dedicated to client programs or benefits?

The Enterprise Center like many not for profits is invested heavily into its personnel. Personnel cost account for approximately 70% (three year average) of expenses. TEC's programs are labor intensive. 86% (three year average) of our salaries were utilized in programs. In addition, 88% (three year average) of all TEC's expenses were program related.

8. What cost savings initiatives did your organization undertake during the preceding year?

TEC has consistently worked to hold down total labor costs, our biggest expense line item, through managing annual increases. From 2010 to 2012 actual labor costs increased at a lower percentage than increases in revenue.

9. List travel expenses over the last three years and how the travel benefited your organization.

Travel expenses for TEC for years 2010, 2011, and 2012 were \$16,285, \$15,016, and \$40,580 respectively. These travel expenses covers all employees of TEC. Travel expenses include mileage, airline tickets, train tickets, taxis, meals, and lodging. Approximately 90% of travel expenses are incurred through our programmatic areas. All travel expenses are paid by TEC only if it is compliant with our federal grant standards. Travel expense is associated with research laboratory meetings, national and regional conferences, national and regional board meetings and sometimes international high speed rail technology orientation trips. All travel is associated with accomplishing TEC's broad mission as well as specific grant goals.

10. If membership-based organization: **The Enterprise Center is not a membership based organization.**

- a. What is fee structure?
- b. When have you increased membership fees?
- c. What is your plan for growing membership?
- d. What are your membership numbers from the last three years?

11. Do your clients pay anything for your services, products, programs? If so, explain.

Our long range plans provide for service fees and royalties to be generated through our Technology Development and Transfer program.

11. What is your strategic plan to become independent of City funding?

The Enterprise Center is a 501(c) (3) not for profit corporation that was created by the City of Chattanooga and operates under a contract with the City of Chattanooga. In our long range strategic plan, we have several options to become self-sustaining. For instance, the High Speed Rail program of The Enterprise Center is primarily funded by the federal government through the Tennessee Department of Transportation. At some point in the future a multistate Rail Authority may be created that could provide some of the services that are currently provided by TEC. Likewise, our long range plans provide for service fees and royalties to be generated through our Technology Development and Transfer program that could generate non-city revenue to TEC. The City's contribution to TEC has leveraged over \$10 million of federal funds in its 9 year history and created over 1600 jobs and \$450 million in total investment by 2015.