SUPPORTING THE CULTURE OF ENTREPRENEURSHIP

ANNUAL REPORT FY2019

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SUPPORT FOR AN ENTREPRENEURIAL CULTURE

The foundation for an entrepreneurial culture in Kansas was laid in 2006 with the launch of NetWork Kansas. Since then, the philosophy has been clear:

1. Find local citizens who are committed to building an entrepreneurial culture.
2. Build entrepreneurial assets and infrastructure focused on education, expertise, and economic resources.
3. Try something different – inject some chaos into community, regional, and statewide systems.
4. Engage and empower at the local level.

Over the course of the past decade, this philosophy has led to establishing the NetWork Kansas Referral Center, Partner Network, and the Entrepreneurship (E-) Community Partnership. These networks create an exponential effect for infusing education, expertise, and economic resources into entrepreneurial ecosystems.

NETWORK KANSAS WELCOMES ANCHOR SUPPORTERS

Refer to Senate Bill 90 on page 4. for more information.
Referral Center and Partner Network – An Infrastructure of Education and Expertise

Entrepreneurs contact the referral center via phone (877-521-8600), email (info@networkkansas.com), and chat lines (www.networkkansas.com) to connect them to education, expertise, and economic resources. Technical assistance is provided by more than 550 NetWork Kansas Partners with expertise in all aspects of starting and growing businesses.

2019 Referral Center and Partner Notables

- More than 300 inbound leads per month
- 2,700 plus active clients
- Follow-ups with more than 800 loan clients

Entrepreneurship Communities – Engaging and Empowering at the Local Level

Each of the 64 E-Communities include the following components:

- Local leadership teams meet regularly to provide overall direction and leadership for the E-Community
- Local financial review boards act as the loan committee for E-Community loan applications
- Active engagement with the banking community and other capital sources
- Access to entrepreneurship programming designed to benefit various businesses types

2019 E-Community Notables

- Added 5 new E-Communities: Bourbon, Ellsworth, Harvey, Miami Counties and Kansas City, Kansas (urban)
- Conducted Wichita State Growing Rural Business Programs in 2 communities
- 110 businesses attended Destination Bootcamp in Longmont, Colorado
- Ice House Entrepreneurship Programs in 7 communities
- 40 local Youth Entrepreneurship Challenges were held representing 43 E-Communities and 865 students
- 75 students participated in the Kansas State Championship where more than $50,000 in prizes were awarded
- E-Communities attended the Makerspace Boot Camp at Independence Community College's Fab Lab
- E-Communities held more than 8 pilot programs for youth, startups, and existing businesses

ENTREPRENEURIAL ASSETS

550 nonprofit or government sector organizations that provide business building services to entrepreneurs and small businesses.

An E-Community is a town, cluster of towns, or an entire county that has made a decision to proactively pursue entrepreneurship as an economic development strategy.
Economic Resources that Support Private Capital

NetWork Kansas matching loan and venture programs are intended to be the "last money in" that help make projects happen. This intentional program design enables both the partner network and E-Communities to engage with the most important funding partners available such as banks and angel networks in a meaningful way. This is evidenced by the significant growth in NetWork Kansas loan volume of more than 100 loans per year over the past 5 years. Despite this significant growth, NetWork Kansas delinquency rates are less than .6% and the amount of write-offs is less than 3.1%.

Loan/Investment Volume Last 5 Years:

- **$29.3 million loans/investments**
- **$233.4 million leveraged**
- **43% startups**
- **65% of loans originated in E-Communities**

<table>
<thead>
<tr>
<th></th>
<th>Total</th>
<th>NetWork Kansas Funds</th>
<th>Leveraged Funds</th>
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</thead>
<tbody>
<tr>
<td><strong>StartUp Kansas</strong></td>
<td><strong>$46,462,007</strong></td>
<td><strong>$7,677,955</strong></td>
<td><strong>$38,784,052</strong></td>
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<td><strong>Capital Multiplier Loan</strong></td>
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<td><strong>$13,139,381</strong></td>
<td><strong>$206,313,095</strong></td>
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<tr>
<td><strong>E-Community Loans</strong></td>
<td><strong>$108,511,496</strong></td>
<td><strong>$19,435,983</strong></td>
<td><strong>$89,075,513</strong></td>
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</tbody>
</table>

All loan numbers as of 6/30/19.
AN ENTREPRENEURIAL ORGANIZATION – NEW ASSETS

NetWork Kansas continues to practice the principles of building an entrepreneurial culture by seeking, finding, and creating assets that help build entrepreneurial businesses and communities. Our philosophy is that the natural process of entrepreneurial behavior leads to newly created assets. NetWork Kansas recently developed and launched 4 initiatives designed to create additional programming, capital, and infrastructure that will increase the capacity of Kansas businesses and communities.

**Senate Bill 90, a Partnership with the Kansas Bankers Association**

*Asset:* Capital for loan programs and entrepreneurship programming.

*Action:* The Kansas Bankers Association (KBA) in coordination with NetWork Kansas introduced Senate Bill 90 to allow banks and savings and loans the opportunity to utilize the entrepreneurship tax credit. Under the original 2004 legislation, financial institutions were not eligible to participate. The bill also increased the previous cap of $50,000 for this 75% state tax credit for any donor. Donors can now utilize up to $100,000 in credits.

*Early Outcomes:* Eleven banks made a commitment to be an Anchor Supporter of NetWork Kansas in an effort to provide small businesses with additional support. These banks committed close to $800,000 of funding.

"We were pleased to lead efforts on Senate Bill 90 so that banks across Kansas could support efforts to provide technical assistance and gap funding to businesses in their area. More than 100 bankers serve on local Entrepreneurship Community Leadership Teams that they can now support by taking advantage of the tax credit."

Doug Wareham  
KBA President & CEO

**Entrepreneurship Competition Management System, Making Local Entrepreneurship Competitions Easy**

*Asset:* A cloud-based Entrepreneurship Competition Management System (ECMS) designed to be a one-stop-shop for facilitating, planning, organizing, and executing a local competition from start to finish.

*Action:* During the Youth Entrepreneurship Challenge Summit in the summer of 2019, NetWork Kansas announced its intention to build an Entrepreneurship Competition Management System (ECMS) to help fuel the rapid growth in the Youth Entrepreneurship Challenge (YEC) Series. The Portal allows communities to execute a YEC Series local competition seamlessly. The YEC Portal consists of resources that range from planning timelines and marketing templates to guidelines, rubrics, and more. The Portal also allows teachers, students, and judges to register for their local competition and track participation numbers. Students can upload their executive summaries and PowerPoint presentations to be reviewed by judges within the Portal. Lastly, as judges view presentations, both online or in-person, they are able to use the Portal’s scoring system, or customize it, to evaluate the businesses and enter scores.

*Early Outcomes:* Naming and formal launch of ECMS is targeted for mid-2020. Beta tests are also slated to begin in early 2020.
Kansas Community Investment Fund, a Partnership with the Kansas Health Foundation

**Asset:** Capital for loan programs related to health and community vibrancy.

**Action:** On January 1, 2019, NetWork Kansas and the Kansas Health Foundation (KHF) launched the Kansas Community Investment Fund (KCIF) with initial funding of $1 million per year. KCIF investments, in the form of matching loans, will provide funding for projects generated through both NetWork Kansas and KHF partners and communities. Goals for KCIF include:

- Create an impact investment model that develops sustainable assets for investments with underserved populations and communities
- Increase projects focused on health and community vibrancy
- Attract additional investment from other organizations

**Early Outcomes:** KCIF approved more than $400,000 in loans in the first eleven months to nine businesses, including fitness centers, memory care and daycare projects, and a co-working space project in a community of less than 300 in population. These projects leveraged more than $1.7 million in additional capital.

Impact Kansas, a Partnership with Sunflower Community Investment

**Asset:** A Certified Development Entity (CDE) structured to assimilate assets from the US Department of Treasury for large projects in underserved geographies that improve healthcare and broadband infrastructure, as well as increase opportunities for business expansion.

**Action:** In the fall of 2018, the NetWork Kansas Board of Directors approved a partnership with Sunflower Community Investment to create Impact Kansas, a rural CDE, for the purpose of becoming the first Kansas organization to successfully apply for and receive New Market Tax Credits (NMTCs) from the US Department of Treasury. In the fall of 2019, Impact Kansas submitted the application.

**Early Outcomes:** Impact Kansas applied for $70 million in NMTCs highlighting 8 projects that include healthcare, rural broadband, and business expansion. Expected award announcements are in the Summer of 2020.

WHO WE ARE

About NetWork Kansas

NetWork Kansas is a 501c3 nonprofit organization dedicated to developing an entrepreneurial ecosystem in Kansas that connects aspiring, emerging, and established businesses to a deep network of business-building resource organizations in communities across the state. NetWork Kansas provides small businesses and entrepreneurs with free, easy access to the resources they need to start and grow successful businesses. For more information, contact us.

Our Vision

To be recognized nationally as a leading organization devoted to the establishment and growth of entrepreneurship and small business as a priority for economic and community development.

Our Mission

To promote an entrepreneurial environment throughout the state of Kansas by establishing a central portal that connects entrepreneurs and small business owners with the right resource; expertise, education, and/or economic, at the right time.