



Cornell University
New York State Agricultural Experiment Station

Financial Resources for Small Businesses

Fact Sheets for the
Small Scale Food Entrepreneur

Published by:

*The Northeast Center for Food Entrepreneurship at the New York State Food Venture Center, Cornell University,
<http://www.nysaes.cornell.edu/necfe/>*

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Financial Resources for Small Businesses

Micro Loan Funds - Developed to assist micro-enterprises with financing for start-up and small business expansion at market rates for loans can ranging from \$100 - \$25,000. Micro loan funds are administered with local community, state or federal money. Some private and non-profit economic development organizations have micro loans funds.

Contact: Look in the yellow pages under economic development for a local agency. The SBA (www.sba.gov/financing) offers a Micro Loan Fund through its local service centers. Search the web for private loan funds using key words; micro loan. Page 24 lists some resources for the state in which you live.

USDA Rural Development Fund Established to enhance the quality of life for rural residents by providing financial and technical assistance in obtaining homes, jobs, and essential community facilities.

Business and Industry (B&I) Guarantee Loan Program - helps create jobs and stimulate rural economies by providing financial backing for rural businesses. It guarantees up to 80% of a loan made by commercial lenders for working capital, machinery and equipment, buildings and real estate, and certain types of debt refinancing.

Business and Industry Direct Loans - provides loans to public entities and private parties who cannot obtain credit from other sources. Loans can be for improving, developing, or financing business and industry, creating jobs, and improving the economic and environmental climate of rural communities (including pollution abatement).

Eligible applicants - any legally organized entity, including cooperatives, corporations, partnerships, trusts or other profit or nonprofit entities, Indian tribes or federally recognized tribal groups, municipalities, counties, any other political subdivision of a State, or individuals.

Detailed information and applications - available through State and local offices of USDA Rural Development (see page 24).

Small Business Investment Corporation (SBIC) Leverages private money with Federal dollars for venture funds. Debt and equity investments in established companies for buyouts, IPO's, strategic partnerships or bridge loans. For contact information see page 22.

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Special Small Business Investment Corporation Funding (SSBIC) Funding socially or economically disadvantaged entrepreneurs, under the SBIC guidelines. For contact information see page 21.

Venture Capital - Private investors or “angel” investors A source of equity for start-up provided by professionals who invest in young, rapidly growing companies with the potential to develop into significant businesses. Venture capitalists also purchase equity securities and assist in the development of new products and services. Professionally managed venture capital firms are usually private partnerships or closely-held corporations funded by private and public pension funds, endowment funds, foundations, corporations, wealthy individuals, foreign investors, and the venture capitalists themselves. Generally, they participate actively in the business because they take higher risks with the expectation of higher rewards - up to 40-50% of profits. An investor looks at a company’s technical and business merits, revenue track record and growth potential. Businesses just getting started which haven’t received initial investments (friends, family, etc) will not qualify for investment funding.

The Rural Venture Capital Demonstration Program designates community development venture capital organizations as demonstration programs to attract increased investment in private business enterprises in rural areas. Such organizations establish a rural business private investment pool to make equity investments in rural private business enterprises. To search for venture capitalist backing from large corporations, local business firms, and government programs, and for more information about selecting a type of capital, visit the internet site: www.BusinessFinance.com.

Sustainable Agricultural Research and Education Program (SARE) A federal competitive grants program which provides funding for research, demonstration, education and extension projects carried out by scientists, producers, educators and private sector representatives. For information on producer grants in the Northeast Region call 802-656-0487 or visit www.sare.org

State Offices for USDA Rural Development

National Contact: Phone (202) 720-0813 web: www.rurdev.usda.gov

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USDA Rural Development Offices in the Northeast

USDA Rural Development offers financial programs and business assistance to rural businesses and communities.

Southern New England Rural Development
The states of Connecticut, Massachusetts and Rhode Island are grouped under Southern New England Rural Development. Specific State offices are listed below.
Rural Development State Office
451 West Street, Suite 2
Amherst MA 01002-2999
413-253-4300
TDD: 413-253-7068
Fax: 413-253-4347

Maine:
Maine State Office
967 Illinois Avenue,
P.O. Box 405
Bangor, ME 04402-0405
207) 990-9100
Fax: (207) 990-9165
TDD/TTY: (207) 942-7331

New Jersey:
Rural Development State Office
21 offices – visit website for locations.
www.rurdev.usda.gov/nj

New York
Contact:
Rural Development
441 S. Salina St.
Suite 357, 5th Floor
Syracuse, NY 13202-2425
315-477-6400
TDD: 315-477-6447

Pennsylvania
Community and Economic Development Programs
State Office
Suite 330, One Credit Union Place
Harrisburg, PA 17110-2996
717-237-2189
Fax: 717-237-2196
Hearing Impaired: 717-237-2261

Vermont and New Hampshire
Vermont Rural Development
Montpelier Office Staff
89 Main Street , 3rd Floor, City Center
Montpelier, VT 05602
802- 828-6080
Fax: 802-828-6018

Michigan State Office
USDA Rural Development
3001 Coolidge, Suite 200
East Lansing, MI 48823
Telephone (517) 324-5190
TDD/TDY (517) 324-5169

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