2012 IMPACT REPORT ■ INNER CITY CAPITAL CONNECTIONS

COMMUNITY & CAPITAL

Investing In America's Urban Future

25% AVERAGE ANNUAL JOB GROWTH

AFTER ICCC PG. 7

COVER

ICCC participant GOURMET GORILLA provides early childhood and K-12 schools with healthy breakfasts, lunches and snacks from local and sustainable ingredients.

INSIDE

“ICCC provided me with strategic financial knowledge that I was able to apply and use directly to benefit my future growth plans.”

PERRY MEHTA, CEO, FUTURENET GROUP PG. 12

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Impact **Summary**

Inner City Capital Connections (ICCC) is a free program that helps inner city companies obtain the capital they need to grow their businesses and create employment opportunities for area residents. A collaboration anchored by Bank of America and the U.S. Small Business Administration and delivered by the Initiative for a Competitive Inner City (ICIC), ICCC is the country's only program that educates investment-ready companies about equity and debt capital and matches them with capital providers to spark business growth and local economic prosperity.

ICCC strengthens growing inner city businesses to create jobs and wealth in America's economically distressed urban areas. In addition to providing financial education and peer-to-peer mentoring, ICCC facilitates access to growth capital by fostering relationships with a network of investors, lenders and advisors. Through these approaches, ICCC is sparking growth throughout economically distressed urban areas.

RAISING CAPITAL

Since 2005, 375 companies have participated in ICCC, with 44 companies attending more than once. These businesses come from 133 cities and 35 states.

- The total amount of capital raised by ICCC participants from 2005 to 2011 was $703 million, including $532 million in debt and $171 million in equity.
- The total amount of capital received represents 49% of the funding sought by ICCC participants with an average deal of $3.6 million and a median deal of $500,000.
- Of the total number of reporting firms, 123 successfully raised debt or equity capital.
- The 2010 class has raised $290 million in capital, almost double the amount of capital sought by those firms prior to attending ICCC.
- Of the companies who participated in ICCC, 89% raised debt or equity capital within two years and 55% did so within one year.

CREATING JOBS

Calculations of the employment impact of participants of ICCC show that for every 10 direct jobs generated by an ICCC business, an additional seven indirect and induced jobs are created in the community.[1]

- The total number of jobs created by firms participating in ICCC since 2005 is 5,694, an average of 15 jobs per firm.
- This includes 3,335 positions created by the firms themselves, 1,484 indirect jobs resulting from new positions created by partners, clients and suppliers of ICCC companies and 875 induced jobs generated by the increased spending power of newly employed neighborhood residents.
- ICCC companies reported full-time employment of 9,212 workers, 43% of whom are inner city residents.
- ICCC businesses plan to increase their current employment base by an additional 330 full-time positions by the end of 2012, and 85% of firms surveyed this year plan to increase staff in 2013.

TEACHING FINANCIAL SOPHISTICATION

ICCC has increased the financial sophistication of inner city firms by imparting knowledge of the various forms of debt and equity available and how to best position their company to use new capital to finance business growth. Further, the feedback ICCC firms receive has enabled them to make important business operations changes that improve their competitiveness and generate stronger revenue and job growth.

ICCC, BY THE NUMBERS

375 inner city businesses, representing 133 cities and 35 states

150 investors, representing private equity, venture capital, angel networks, mezzanine financing and debt

$703 MILLION in capital raised – $532 million in debt and $171 million in equity

46% CAGR for revenues and 25% CAGR for employment

5,694 jobs created by ICCC firms since 2005

43% of ICCC employees are inner city residents

[1] Economic Development Research Group, "ICCC Capital Awards and Job Implications for America's Inner Cities." September 10, 2012

WHO QUALIFIES FOR ICCC?

Companies with headquarters, or 51% or more of a physical operation presence or at least 40% of their employees present in an economically distressed urban area.

For-profit corporations, partnerships or proprietorships that have revenues of more than $2 million.

- Prior to ICCC, one-third of companies reported their understanding of pitching their businesses to capital providers as excellent or good. This grew to 92% after they participated in ICCC.
- Only 31% of ICCC businesses reported having a good or excellent understanding of what investors were looking for prior to attending. Understanding increased to 87% after attending the event.
- From 2005 to 2011, 48% of participants adjusted their financing strategy and 43% reevaluated their sales and marketing strategy after attending ICCC.

BUILDING RELATIONSHIPS

ICCC provides inner city businesses with a network of CEOs, investors and lenders which they can leverage for business advice. ICCC helps form these relationships and partnerships by encouraging participants to become each other's customers, keeping wealth local and helping inner city businesses grow.

- In total, 74% of participating firms made at least one capital provider contact after ICCC, and the average number of connections was eight. For those companies making connections, 57% of the contacts were referred from ICCC.
- The average firm also made three business referrals as a result of participating in ICCC, and 55% of all firms made at least one promising business referral such as a new customer or supplier.
- After ICCC, 81% of equity capital raised came from private sources, including private equity, venture capital and angel investors.

Cobá, a Los Angeles beverage company, was founded by Mexican-American entrepreneurs Arnulfo Ventura and José Domene.

Growing Inner City Businesses

ICIC believes that private-sector business growth can create jobs in the nation's inner cities, decreasing inner city poverty and economic distress. The importance of inner city job growth is highlighted by the fact that, while the nation's 100 largest inner cities are home to just 8% of the country's total population and 0.1% of total land mass, they account for roughly 20% of the nation's total poverty and over 30% of minority poverty.

Almost 40% of employed inner city residents work in the inner city, despite the much larger job bases in the rest of the central city and the greater metropolitan area. Inner city residents are frequently unable to access jobs in the rest of the region. An inner city business creates three times the number of jobs for inner city residents than do businesses in the rest of the central city or the rest of the region. The high dependence on local jobs in inner cities makes promoting growth and employment opportunities among inner city firms critical, particularly for minority wealth creation: 40-45% of inner city businesses are minority-owned, compared to 18% of all firms nationally.

The story of Tyga-Box Systems, Inc. is illustrative of the challenges and opportunities inner city businesses face and the need for capital to sustain business growth. Founded in 1991, Tyga-Box was started by Nadine Cino with $200,000 in personal savings and an idea that people should be able to rent plastic boxes as an ecological alternative to single-use corrugated boxes when moving. "We spent all of our savings," says Cino. "We were inexperienced and lost somewhere around $200,000-300,000 and then we were broke." After reinventing itself three times, Tyga-Box grew to $2 million in annual revenues by the mid-2000s.

Moving to even higher revenue and job growth required additional capital for product development and testing to create a new tracking system. ICCC helped Tyga-Box secure $2 million in debt from Bank of America: $750,000 up front with the additional $1.25 million dispersed upon reaching certain benchmarks. Without the infusion of new capital, the company's growth plans would not have been possible. "Bank of America really went to bat for us," says Cino. "The loan is the difference between making it and not making it. After five years we are looking to take our $2 million company to roughly $70 million annually, which will allow us to increase employment four-fold." As a direct result of the new capital, Tyga-Box employed an additional seven employees.

> "Bank of America really went to bat for us. The loan is the difference between making it and not making it."
>
> NADINE CINO, CEO, TYGA-BOX SYSTEM

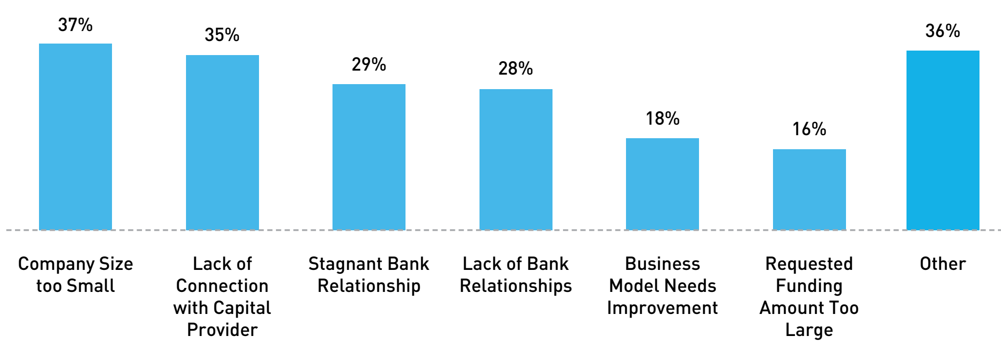
Sweet Riot, headquartered in New York, is a socially responsible distributor of healthy dark chocolate-covered cacao nibs.

California-based Artwise is a provider of art-sharing technology and digital content inspired by student artwork.

Access to Capital

Capital access is often a barrier for even the most successful inner city entrepreneurs, preventing them from hiring, growing their companies and making an economic impact in their communities. ICIC analysis shows that 71% of inner city firms lack the capital they need.[2] For many of the companies that participate in ICCC, accessing growth capital has been challenging, with half describing raising debt to be hard or very hard and nearly two-thirds similarly describing raising equity.

BARRIERS TO ACCESSING GROWTH CAPITAL



Note: 2005-2011 Participants

> Some of the barriers to accessing capital came from my lack of understanding of how to work with investors.
>
> LINDA BOASMOND, CEO, CEDAR CONCEPTS

While these businesses are poised for growth and need additional capital to realize their full potential, nearly three-quarters reported experiencing barriers to accessing capital prior to attending ICCC. The reasons are many, including the company size being too small, the requested funding amount being too large and not having a strong relationship with capital providers.

One such company was Cedar Concepts. "Some of the barriers to accessing capital came from my lack of understanding of how to work with investors", said Linda Boasmond, CEO of Cedar Concepts. While her company is asset-based and appealing for debt providers, she was unable to secure loans prior to participating in ICCC. Following advice received at ICCC, Boasmond presented the company in a completely different way. After being able to better communicate with banks, she received a sizeable commercial loan to build a new manufacturing facility, which led to the creation of 10 additional full-time jobs.

At ICCC, entrepreneurs meet the people who can make deals happen. As of 2011, 123 firms that participated in ICCC raised a total of $703 million in capital, representing almost half of the total capital sought by all firms. Among those that raised capital, 40% previously experienced capital barriers. The average deal was $3.6 million. Seventy-six percent of the total capital raised was debt funding while the remaining 24% was equity investment.

CAPITAL SOUGHT VERSUS RAISED

Total Funding Sought	$1.4 billion
Total Capital Raised	$703.5 million
% of Funding Sought Raised	49%
Median Deal	$500,000
Average Deal	$3.6 million
TOTAL CAPITAL (%) Debt	76%
TOTAL CAPITAL (%) Equity	24%

Note: 2005-2011 Participants

[2] Teresa Lynch and Lois Rho, "Capital Availability in Inner Cities: What Role for Federal Policy?" November 2011. ICIC.

DEBT CAPITAL RAISED SINCE ICCC

	Commercial Bank Loan / Line of Credit	SBA Guaranteed Loans	Financing Leases from Supplier & Customer or Other Business Entity	Bank Mezzanine / Subordinate Debt	Grants or Below-Market Rate-Loans from Non-Profits	Family and Friends	Other	Total
Total Debt Raised	392,073,000	10,329,500	1,540,000	36,693,000	3,560,000	4,880,000	83,433,000	532,508,500
Median Amount per Firm	550,000	265,000	100,000	1,000,000	250,000	150,000	540,000	750,000
Average Amount per Firm	5,601,043	860,792	220,000	2,446,200	712,000	271,111	4,171,650	5,169,985
# of Firms Funded	70	12	7	15	5	18	22	103

Note: 2005-2011 Participants
Note: SBA and CDFI loans were introduced to ICCC participants in 2009.

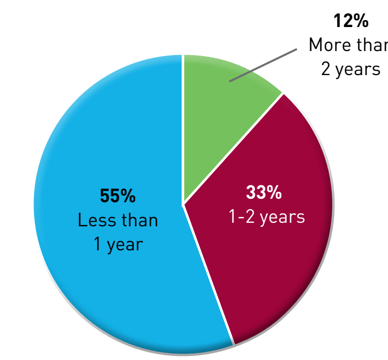
DEBT CAPITAL – INCREASING LENDING TO INNER CITY BUSINESSES

Consumer Market & Insights (CMI) provides marketing research, event management and training services. Prior to ICCC, "the whole subjects of equity and alternative financing were foreign," recalls CMI's CEO Royalyn Reid, who had been discouraged when she was turned down for an expanded line of credit. At ICCC, she "learned the differences and advantages of various capital sources and realized the banks are best for my business." After ICCC training, Reid contacted a bank she met at ICCC and was approved for a $250,000 line of credit. In addition to the debt capital, the bank has provided technical assistance, helping CMI to secure the greatest line of credit possible and positioning CMI for growth.

The total amount of debt capital raised since 2005 is $533 million, over half of which was raised within one year of participants' completing the ICCC program. An additional one-third of companies raised debt between one and two years after program completion, for a total of 88% of firms raising debt capital within two years of participating in ICCC.

Unsurprisingly, commercial lenders were the greatest source of debt financing, with traditional bank loans and lines of credit comprising almost three-fourths of all debt capital raised. Because inner city firms typically rely more heavily on internally generated cash flow and the personal assets of the owners, the most cited use of additional capital raised by ICCC participants

HOW SOON AFTER ICCC DID YOU RAISE DEBT CAPITAL?



Note: 2005-2011 Participants

was to supplement working capital. One-third of the total debt raised was used for this purpose. Another 17% of firms stated that the additional lending enabled them to purchase new equipment and supplies, and 13% of firms used the new capital to expand into a new business area or product line.

Gourmet Gorilla provides early childhood and K-12 schools with healthy breakfasts, lunches and snacks from local and sustainable ingredients. As Gourmet Gorilla CEO Jason Weedon completed the ICCC program "it became clear that we were looking for both debt and equity." After training, the company received a line of credit that allowed it to expand its operation and grow its workforce. Overall, 2010 class participants that raised capital saw an increase in revenue of 111% from 2010 to 2011, compared to a smaller change in revenue of 85% for the 2010 class that did not receive capital.

> At ICCC, I learned the differences and advantages of various capital sources and realized the banks are best for my business.
>
> ROYALYN REID, CEO, CONSUMER MARKET & INSIGHTS

EQUITY CAPITAL RAISED SINCE ICCC

	Personal Assets of Owner(s) / Founder(s)	Family and Friends	Private Equity	Venture Capital	Angel Investors	Other	Total
Total Equity Raised	2,470,000	10,332,163	105,190,000	18,200,000	15,896,653	17,200,000	170,988,816
Median Amount per Firm	250,000	650,000	1,325,00	3,750,000	750,000	550,000	1,100,000
Average Amount per Firm	308,750	794,782	7,513,571	4,550,00	1,135,475	2,150,000	3,638,060
# of Firms Funded	8	13	14	4	14	8	47

Note: 2005-2011 Participants

"Through ICCC we made a number of connections with people that will serve us well in our next equity round."

ARNULFO VENTURA, CEO, COBÁ

81% of the equity raised by ICCC participants came from private sources

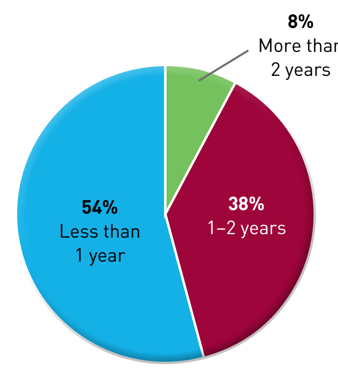
EQUITY: PROVIDING CAPITAL AND BUSINESS ADVICE

Prior to attending ICCC, most CEOs — like their inner city peers — raised equity from friends or family or used personal assets.[3] Prior to ICCC, only 6% of participants' business equity came from private sources such as angel investors, venture capital and private equity institutions. In contrast, 81% of the equity raised after participating in ICCC came from these private sources. Since 2005, ICCC participants have raised $171 million in equity, 92% of which was raised within two years of participation.

Cobá, founded in 2008 by Arnulfo Ventura and José L. Domene, was one such business. Cobá is an all-natural, healthy and organic, non-carbonated juice-water drink. Starting with approximately $100,000 in seed capital, Cobá has been able to secure multiple rounds of financing at various business milestones, raising close to $2 million since inception. "After giving our pitch to the capital providers, we received valuable guidance for meeting business milestones that helped us secure capital," said Ventura.

Shortly after participating in ICCC, Cobá received an infusion of $500,000 from an angel investor met at ICCC. Cobá was able to leverage the new capital to secure over 300 outlets for its beverages during the first half of 2012, leading directly to a $400,000 growth in revenues. The company is on target to reach 800 outlets by the end of 2012, and has long-term plans to be in every outlet across the U.S. "We're always in the process of raising capital," noted Ventura. "Through ICCC, we made a number of connections with people that will serve us well in our next equity round."

HOW SOON AFTER ICCC DID YOU RAISE EQUITY CAPITAL?



Note: 2005-2011 Participants

Additionally, several businesses that were initially skeptical of equity investments rethought this after completing the program, deciding that equity was the appropriate path for their growth. Equity investors can often help entrepreneurs raise additional capital funding, provide a much wider network of business relationships and bring high-level business expertise that may be lacking within the firm's management. "What I found is that equity providers have resources to develop the business that we don't necessarily have," says Christopher Harvell, CEO of Dental Kidz.

Like debt capital, new equity capital was used to expand additional working capital, according to nearly 30% of ICCC firms. Another 16% stated that equity was used to expand the business into a new area or product line, and 11% of participants used the equity funds to both purchase new equipment and supplies as well as open a new branch or subsidiary.

[3] Teresa Lynch and Lois Rho, "Capital Availability in Inner Cities: What Role for Federal Policy?" November 2011. ICIC.

Revenue and **Job Growth** in the Inner City

ICCC companies have reported an average annual growth rate in revenue of 46%, although there is significant variation by industry. Among those industries experiencing strong growth are Energy (155%), Construction (126%), Business Services (75%), Health Care (39%), Manufacturing (24%) and Consumer Goods (15%).

ICCC companies are job creators. Since 2005, the total number of jobs created by firms participating in ICCC is 5,694 — an average of 15 jobs per firm and an average annual job growth rate of 25%. Due in no small part to increased education and access to capital, these companies created 3,335 direct jobs. Additionally, inner cities further benefit from indirect employment: the 1,484 new positions created by partners, clients and suppliers of ICCC companies that received a capital infusion. Finally, there are 875 induced jobs generated by the demand created by increased spending power of newly employed neighborhood residents. Among ICCC participant firms surveyed this year, 85% plan to increase staff in 2013.

Annual wages are just as important as the new jobs themselves and play an important role in the reduction of poverty in economically distressed urban areas. There are certain strong-growth industries among ICCC firms that provide wages above the national average of $46,748. Business services employment grew by an average annual rate of 10% and has an average annual wage of $63,818. The energy sector saw a dramatic 65% average annual growth rate from 2005-2011 and offers an average wage of $66,665.

ICCC firms in the IT sector enjoyed a 46% average annual job growth from 2005-2011 and boast an average wage of $89,462. SymCon, Inc., for example, is a Detroit-based information systems management and consulting firm started in 1983 that has average wages of between $80,000 to $85,000. FutureNet, a construction management, information technology and solar energy firm offers wages averaging $60,000 a year. Giroux Glass, a premier glazing contractor with 65 years in business, is a union shop that offers wages of about $45,000 annually plus an employee stock ownership plan to its workforce of nearly 200 employees.

Average Revenue CAGR by Industry

INDUSTRY	CAGR
Business Services	75%
Construction	126%
Consumer Goods	15%
Energy	155%
Finance & Insurance	9%
Food & Beverage	16%
Health Care	39%
IT	8%
Manufacturing	24%
Transportation & Logistics	17%
Total All Industries	46%

Note: 2005-2011 Participants

Employment CAGR and Annual Salary by Industry [3]

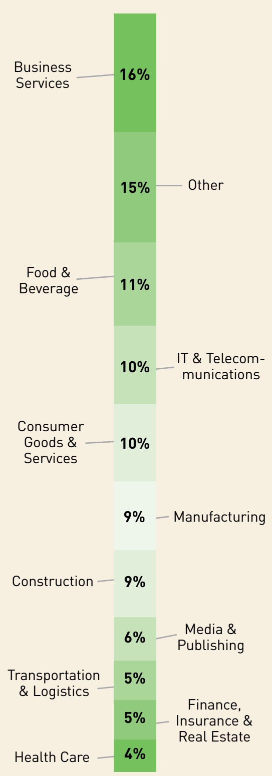
INDUSTRY	CAGR	SALARY
Business Services	10%	$63,818
Construction	-4%	$47,288
Consumer Goods	13%	$23,867
Education	10%	$48,012
Energy	65%	$66,665
Finance & Insurance	6%	$80,238
Food & Beverage	2%	$30,528
Health Care	14%	$42,656
IT	46%	$89,462
Manufacturing	31%	$57,512
Media & Publishing	130%	$79,560
Transportation & Logistics	19%	$44,799
Wholesale Trade	-3%	$63,648

[3] ICIC analysis of BLS wage data.
Note: 2005-2011 Participants

Who Attends **ICCC?**

Participating firms come from a broad range of industries and represent both locally focused and export-oriented businesses with diverse workforces and CEOs, distinct business experiences, varied firm duration and a myriad of CEO education levels. The vetting they receive prior to participation ensures a distinct commonality – companies are of sufficient size and strength to attract the growth capital they need to increase revenues and jobs in the inner city.

ICCC PARTICIPANTS BY INDUSTRY



Note: 2005-2011 Participants

Since 2005, 375 companies have attended ICCC, including 44 firms that have attended more than once. In some cases, firms have participated three, four or five times. In 2011, 106 total firms participated: 94 companies attended for the first time, 10 companies attended for the second time and two companies attended for at least the third time.

INDUSTRY

The largest proportion of firm attendees comes from the Business Services sector, followed by Food & Beverage, IT & Telecommunications and Consumer Goods & Services.

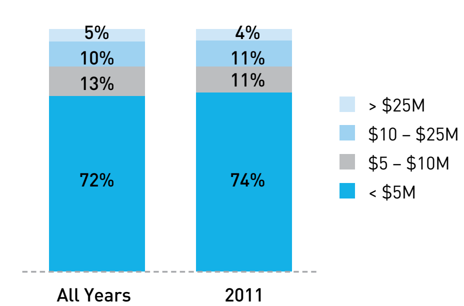
While the manufacturing sector has seen job losses for decades, there is some hope that America's inner cities can experience a manufacturing renaissance.[4] The nation is seeing an increase in exports and the reimportation of jobs that had previously been off-shored to low-wage countries. There is also hope that growth in niche and advanced manufacturing will have a positive impact on inner city economies.[5]

The growth of the business services sector relative to the rest of the nation's economy also implies potential leverage points which can increase the availability and quality of jobs in America's inner cities. Similarly, the growth of America's urban food movement and the increasing diversity of America's urban areas will help promote the growth of the nation's food cluster in densely populated and diverse urban areas.

REVENUE

To participate in ICCC, companies must have at least $2 million in revenue. The majority of participating firms have less than $5 million in annual revenue — over 70% of all participants from 2005 to 2011 fit into this category. These small firms are at the cusp of strong growth. With its training, ICCC facilitates the pipeline of capital infusion to foster growth in revenue and jobs. In 2011, program participants were even more likely to be smaller in size than the average ICCC firm, with almost 75% of firms having less than $5 million in annual revenue. In contrast, roughly 4% of 2011 participants had revenues greater than $25 million.

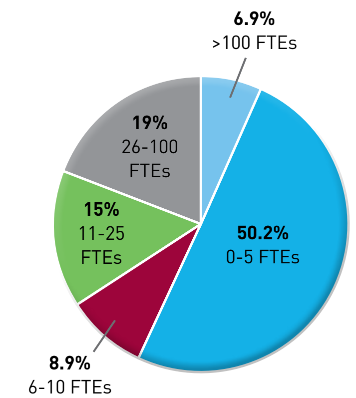
ICCC PARTICIPANTS BY ANNUAL REVENUE



[4] Institute for Supply Management, Monthly Manufacturing ISM Reports on Business, 2009-2012

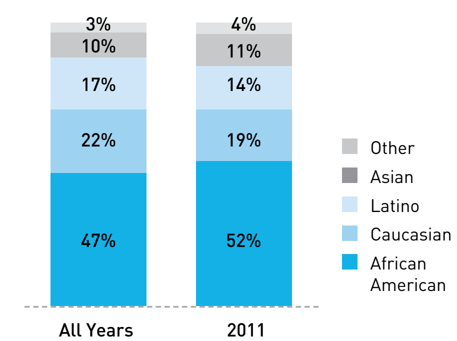
[5] Nisha Mistry & Joan Byron, "The Federal Role in Supporting Urban Manufacturing." April 2011, What Works Collaborative.

ICCC PARTICIPANTS BY FULL-TIME EMPLOYMENT



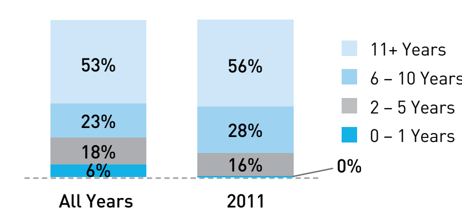
Note: 2005-2011 Participants

ICCC PARTICIPANTS BY RACE/ETHNICITY



Note: 2005-2011 Participants

ICCC PARTICIPANTS BY AGE OF FIRM



Note: 2005-2011 Participants

FULL-TIME EMPLOYMENT

Roughly half of the firms participating in ICCC had six or more full-time employees. ICCC firms are overrepresented in the 100+ employees category, however, with 7% of program participants compared to 3% nationally.

RACE, ETHNICITY & GENDER

Research conducted by ICIC demonstrates that inner city firms offer greater opportunities to minority population groups. Roughly 40-45% of inner city firms are minority-owned compared to 18% nationally.[6] Minority owners are also more likely to employ minority workers, enhancing the positive impact in minority communities. Of all the ICCC program participants, 78% had minority owners: 47% are Black or African American, 17% are Latino and 10% are Asian.

Women have historically had limited leadership positions within companies. The National Women's Business Council recently calculated that 29% of all U.S. nonfarm firms are women-owned.[7] In 2011, more than one-third of firm participants were owned by women.

AGE OF COMPANY

The majority of companies historically are at least 11 years old, and some were founded more than a century ago. In 2011, 56% of firms were at least 11 years old, with a median firm age of 12 and an average firm age of 16.6.

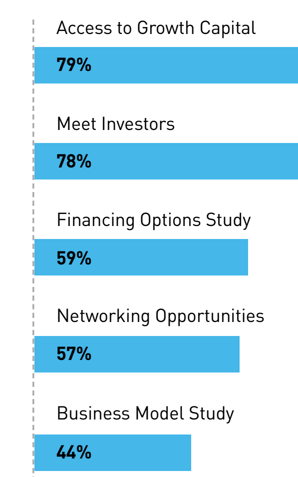
REASONS FOR ATTENDING

There is a broad range of reasons why companies participate in ICCC. Nearly 80% of firms want to access growth capital and meet investors. About 60% want to study the various financing options available to them to grow their businesses, and 57% want to use ICCC as an opportunity to network with other business owners and investors. Forty-four percent use the event to study their business model to ensure that it maximizes their revenue potential.

78% of ICCC firms are minority-owned

1/3 of all ICCC firms are women-owned

REASONS FOR ATTENDING ICCC



Note: 2006-2011 Participants

[6] Teresa Lynch and Adam Kamins, "Creating Equity: Does Regionalism Have an Answer for Urban Poverty? Can It?" August 2012, ICIC.

[7] UNCF Special Programs Corporation, "Women-Owned Firms in the U.S.: A Review of Important Areas of the 2007 U.S. Census Bureau's Survey of Business Owners." January 2012, National Women's Business Council.

Preparing Inner City Businesses to be **“Capital-Ready”**

Firms of different types attend ICCC for various reasons. Some have been turned down by banks before, others are unaware of the various types of debt and equity that are available or suitable for their businesses and others are more familiar with capital but are looking to expand their networks. In all of these cases, ICCC helps elevate thinking about capital and how to prepare for it. The training and coaching help CEOs better understand what is required to raise money, manage capital providers and secure the growth capital to make their businesses thrive.

> “ICCC provided me with strategically financial knowledge that I was able to apply and use directly to benefit my future growth plans.”
>
> PERRY MEHTA, CEO, FUTURENET GROUP

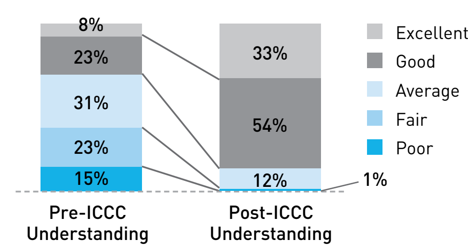
The specific elements of ICCC’s training and networking events include matching businesses with coaches, webinars, day-long workshops, “speed-dating” sessions with bankers and investors, pitch sessions and one-on-one meetings. Throughout the program, entrepreneurs are informed about the various types of capital funding options and their trade-offs. This helps improve the financial sophistication of participants seeking capital and provides valuable feed-back to improve their business operations.

PREPARING FOR AND WORKING WITH INVESTORS

Perry Mehta, CEO of FutureNet Group, benefited from ICCC by learning how to prepare for investors – what kinds of businesses they are looking for, documentation requirements and what types of stories they want to hear. He called it a “great educational experience” because he learned how to present financial forecasts, which he never had done before. “ICCC has really given me a lot of financial knowledge that I was able to apply and use directly to benefit my future growth plans,” says Mehta.

This isn’t unique to FutureNet. When asked to report their understanding of what investors are looking for, only 31% of businesses reported having a good or excellent understanding prior to ICCC. After the training,

UNDERSTANDING OF WHAT INVESTORS ARE LOOKING FOR



Note: 2009-2011 Participants

87% of participants rate having a good or excellent understanding of what investors are looking for.

Through the panel discussion and one-on-one matchmaking sessions, Mehta learned how to identify the type of investors that would be most interested in FutureNet, noting that “the one-on-one interactive matchmaking session paired me with an investor that offered important advice about what would and would not work.” In particular, he learned that investors focused on water and solar markets with international interests would be most attracted to his type of business.

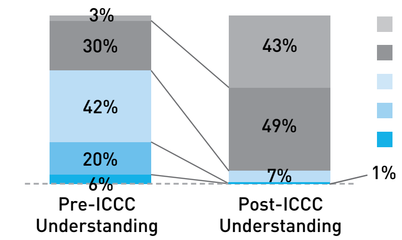
After ICCC training, 77% of respondents reported having a good or excellent understanding of working with investors, up from one-quarter before attending ICCC. The ongoing financial sophistication received through multiple ICCC events allowed FutureNet to network with more capital providers and successfully raise multiple rounds of funding, varying in types, in order to best fund its growth cycle, expand its services into new areas and create more jobs.

PERFECTING THEIR PITCH

Another important function of ICCC is to better prepare companies to pitch their businesses to capital providers. Prior to ICCC, roughly one-third of companies reported their understanding of pitching their businesses to capital providers as excellent or good. This grew to 92% after they participated in an ICCC training module.

James Group International is a logistics firm that primarily serves the auto industry but is expanding into the pharmaceutical, military and government industries. Lorron James attended ICCC because he was interested in understanding what accessing capital entails. At the training in New York City, Ed Powers from Bank of America provided counseling to James, the company’s Vice President. He learned “how to better market to someone, whether it’s a speech or elevator pitch.” Prior to presenting in Los Angeles, James “learned how to be concise and confident in his pitch,” what to touch on when delivering it and how to make his pitch more personal when speaking in front of a panel of investors.

UNDERSTANDING OF PITCHING YOUR BUSINESS TO CAPITAL PROVIDERS



Note: 2009-2011 Participants

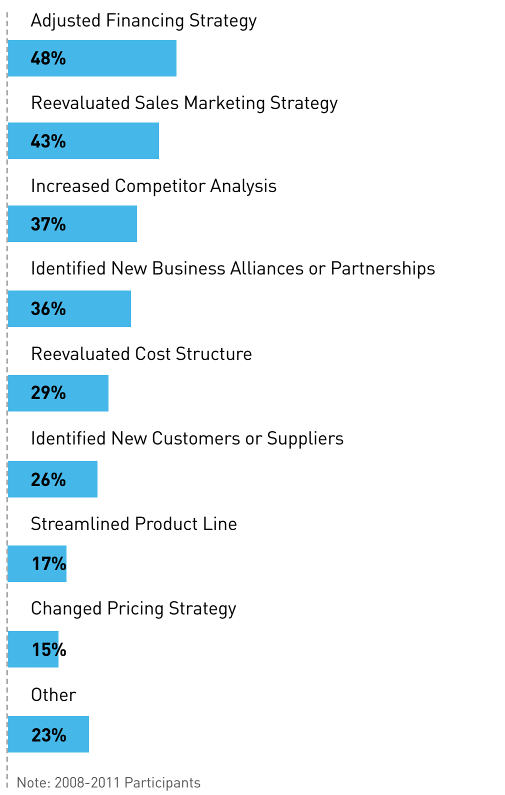
BUSINESS EVALUATION

The feedback received through ICCC often results in business owners and CEOs reevaluating their business operation. Worldwise Education, Inc. is the country’s leading provider of art-sharing technology and digital content inspired by student artwork. As a double bottom line business, Worldwise supports schools by selling its products wholesale and allowing partnering schools to retain the markup. Since its launch in 2006, Worldwise has raised more than $1 million for schools.

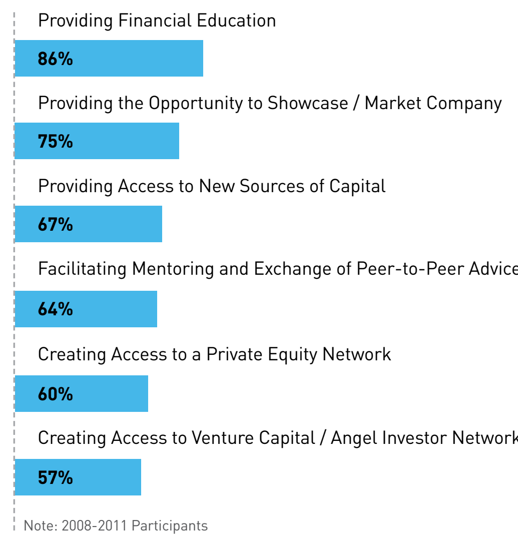
With advice from ICCC coaches and investors, Worldwise CEO Charles Paul restructured his entire business model, including rebranding, changing operational practices and targeting customers differently. “The business model was not organized well enough to attract capital before, but ICCC allowed us to look at our product and clarify our brand in order to present the company differently to investors.”

VITEC, located in Detroit, is a leading manufacturer and supplier of fuel delivery systems to the automotive industry.

DID FEEDBACK THAT YOU RECEIVED AT ICCC RESULT IN ANY OF THE FOLLOWING?



WAS ICCC INSTRUMENTAL IN PROVIDING THE FOLLOWING FOR YOUR COMPANY?



> "When I gave my pitch presentation, I had three equity investors help clarify where my business currently was and what I needed to do to improve it."
>
> CHRISTOPHER HARVELL, CEO, DENTAL KIDZ

Since first participating in ICCC, Worldwise has raised a substantial amount in debt and equity to restructure its business and launch Artwise.com, "a simple, easy-to-use interface that provides parents a way to digitize, archive and share their children's artwork in online galleries, in social media and on personalized products that feature their children's art." With the changes to its business model, Paul is projecting compound annual revenue growth of over 200% for the next four years.

Los Angeles-based Tequila Holdings produces and distributes the luxury brand tequila PaQuí.

Worldwise is not unique in making changes upon the advice of ICCC contacts. From 2005 to 2011, 48% of participants adjusted their financing strategy, 43% reevaluated their sales and marketing strategy, 37% increased competitor analysis and 36% identified new business alliances and partnerships. Furthermore, participants' self-reported understanding of business evaluation grew from 36% having a good or excellent understanding prior to ICCC to 88% after training.

The success of ICCC's training is further demonstrated through the survey responses. When asked if ICCC was instrumental for specific issues, 86% of firms responded that ICCC was instrumental for providing financial education, 67% for providing access to new sources of capital and 64% for facilitating mentoring and peer-to-peer advice.

Having been nominated for ICCC, Christopher Harvell, CEO of Dental Kidz, was interested in attending "to join a very unique network of entrepreneurs and to work with investors to make my business better." Dental Kidz was created in 2008 and provides dental care to children from birth to 16. "When I gave my pitch presentation, I had three equity investors help clarify where my business currently was and what I needed to do to improve it." Growing from a two-person operation, Dental Kidz now has over 13 employees and plans to hire more staff in 2013.

Fostering Growth through **Connections**

ICCC CEOs have a wealth of information to offer one another. Among any group of dynamic and fast-growth companies there are similarities and synergies that can be leveraged for mutual benefit. ICCC helps form these relationships and partnerships by encouraging participants to become each other's customers, keeping wealth local and helping the inner city grow.

In total, 74% of participating firms made at least one investor contact after ICCC, and the average number of investor connections was eight. Of those companies making connections, 57% of the contacts were referred from ICCC. These investor connections and business referrals help prepare companies for their current and future efforts to raise capital and grow their companies.

EZ-Tixx is an event ticketing servicer of secondary and tertiary companies that cannot afford the expenses of larger ticketing companies. With innovative technology, EZ-Tixx can provide event ticketing to virtually any venue across the U.S. and internationally. Started by Wayne Davis in 2007, EZ-Tixx has grown to $3 million in revenue but was still searching for ways to grow the business to be more competitive.

"You opened up the doors for me to expand our network of providers and get us to be where we wanted to be," says CEO Wayne Davis. "I came home and literally called everyone from the event. One person led to another person and then to another." The connections EZ-Tixx made at ICCC enabled it to secure the funding it needed to grow, including mezzanine financing, equity investments and bank lenders. "The total will likely be about $8.5 million and will be used to purchase five companies and grow EZ-Tixx through acquisitions."

MENTORING

Many times CEOs will maintain their relationship with either their initial coach or with investors they meet at the conference. These mentors assist the firm with business advice, marketing strategies and securing new customers or suppliers. These relationships can develop into strategic partnerships and lead to future capital infusions that help the business, the investor and the community.

"Our ICIC coach came up with ideas for our sales and marketing strategy," said Shawn Shearer, Founder of Business Management Consortium, LLC. "The mentoring helped us a lot to understand what our strengths and weaknesses were." BMC met several investors that are interested in working with them, see great potential in the service and are helping them to strengthen their business and position them for growth. "We now understand what needs to happen to get funded. We're looking to increase our business capacity and for a CEO that can take us to the next level."

ICCC has demonstrated that inner city firms that access financial education and capital can grow their companies and create jobs in economically distressed urban areas across the U.S.

ACKNOWLEDGEMENTS **ICIC would like to thank its ICCC training partners and sponsors:**

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To learn more about bringing the ICCC training program to your city, contact Hyacinth Vassell at 617.292.3120 or hvassell@icic.org.

ACKNOWLEDGEMENTS

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ICIC is a non-profit research and strategy organization and the leading authority on U.S. inner city economies and the businesses that thrive there. Founded in 1994 by Harvard Business School Professor Michael Porter, ICIC expands inner city economies by providing businesses, governments and investors with the most comprehensive and actionable information in the field about urban market opportunities. ICIC's unique knowledge and expertise about inner city success factors and thriving companies are developed from specialized urban networks and path-breaking research.
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