

The Tool Box

"Tools to Assist in Building Your Financial Success."
Serving Morrow County Since 1994



Welcome to the *The Tool Box*. Earlier this month, Morrow Development Corporation sponsored classes given by the EOU Small Business Development Center in Heppner (picture above). *Understanding Cash Flow* was offered to MDC Borrowers (and potential Borrowers) at no cost to their businesses. MDC is pleased to announce that many more classes of this nature will be offered throughout Morrow County in the coming months. If you are interested, please do not hesitate to contact the Small Business Development Center at 541/ 962-1532 and sign up today! Staff member Donna Jo Talbott can give you more information on the types of classes that are scheduled, as well as the tentative dates, times and locations.

As always, if our readers have any questions, thoughts or comments on the contents of this newsletter, please do not hesitate to contact our office at 541/ 676-8719.

~Harley Sager, Board Member

Tip!

How do you keep from falling victim to home business grant scams? Here are a couple of tips if you are considering obtaining grant information:

1. Beware of companies that guarantee you will receive a home business grant, especially if you must pay up-front for services.
2. If you are considering paying for a home business grant service, check the company out with the Better Business Bureau for complaints.

www.home-business-savvy.com/home-business-grants.html

A Free Publication of:
Morrow Development
Corporation
P.O. Box 200
Boardman, OR 97818-0200
July 2006, Edition IX



Funny Pages

Japanese Haiku Computer Messages

The Web site you seek
Cannot be located, but
Countless more exist.

Chaos reigns within.
Reflect, repent, and reboot.
Order shall return.

Program aborting:
Close all that you have worked on.
You ask far too much.

Windows NT crashed.
I am the Blue Screen of Death.
No one hears your screams.

Yesterday it worked.
Today it is not working.
Windows is like that.

Your file was so big.
It might be very useful.
But now it is gone.

Stay the patient course.
Of little worth is your ire.
The network is down.

A crash reduces
Your expensive computer
To a simple stone.

www.abcsmallbiz.com/funny/haiku.html

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SBA Funding Directory

Small Business Administration Guaranteed Loans

SBA guaranteed loans are available for small businesses that have been denied loans from banks. That does not mean "have bad credit" although some programs, particularly the Microloan program, will work with people who have spotty credit in order to qualify them for a loan. The Small Business Administration does not provide a direct loan in most cases, but will offer a guarantee of a percentage of the loan to your lender. That makes the loan less risky for the lender.

What do you need to have to get an SBA guaranteed loan? The business must be in the U.S. or a U.S. governed territory. It must also be for profit. In almost all cases, the owner or owners must invest their own equity in the company (**and they must have equity to invest**) and they must first seek other sources of funding. That's why the bank that turns you down for a loan can also turn around immediately and be the originator on an SBA guaranteed loan.

Who Can Get a SBA Loan?

Types of loans available:

Start or grow a business. Must have pretty good credit. Max loan \$150,000. ([SBA LowDoc Loan Program](#)).

Small revolving loans (type needed for working capital). Max loan \$150,000. ([SBA Express](#)).

Small revolving loans (restricted to low and moderate income areas). ([Community Express SBA Pilot Loan Program](#)).

Working capital for seasonal business cycles. Max loan \$750,000. ([SBA CAPLines Loan Program, Seasonal Line](#)).

Direct labor and materials for a contract. Max loan \$750,000. ([SBA CAPLines Loan Program Contract Line](#)).

Direct labor and material for a builder who constructs or renovates buildings. Max loan \$750,000. ([SBA CAPLines Loan Program Builder's Line](#)).

Companies that provide credit to other businesses who can't currently meet normal credit standards for a longer term loan. Max loan \$750,000. ([SBA CAPLines Loan Program Standard Asset-Based Line](#)).

Building, land, construction, long-term machinery or equipment to provide economic development in a specific community or region. ([CDC \(504\) Loan Program](#)).

Community has lost jobs as a consequence of the North American Free Trade Agreement. ([U.S. Community Adjustment and Investment Program \(CAIP\)](#)).

General business, real estate, franchise. ([SBA 7\(a\) Loan Program](#)).

www.abcsmallbiz.com/reference/sbafd/index.html

Employees vs. Contractors What's The Difference?

Whether a person is an independent contractor or an employee generally depends on the amount of control exercised by the employer over the work being done. Dictating how a job is to be done or limiting the actions of the worker may establish an Employer-employee relationship.

An independent contractor:

- ~Operates under a business name.
- ~Has their own employees.
- ~Maintains a separate business checking account.
- ~Advertises their business's services.
- ~Invoices for work done.
- ~Has more than one client.
- ~Has own tools and sets own hours.
- ~Keeps business records.

An employee:

- ~Performs duties dictated or controlled by others.
- ~Is given training for work to be done.
- ~Works for only one employer.

The Internal Revenue Service relies on the facts in each case. It does not recognize the validity of any written agreement between the parties. Anyone can get a ruling from the IRS by completing Form SS-8.

For most small businesses, independent contractors should not be considered as substitutes for regular employees. Government agencies generally find that people in the work force are legally employees for tax purposes and the cost of being wrong, remitting unpaid payroll taxes, interest and penalties can be very high.

www.sba.gov/managing/growth/employeecontract

Disclaimer!

All information contained in this newsletter is for information purposes only. Recognizing that each business is unique, readers should not construe the information contained in this newsletter to be advice or a recommendation.