

Innovative Ways to Fund A Biz

Christina Cain

Executive Director

Staunton Creative Community Fund

540-213-0333

christina@stauntonfund.com



Our View of a Vibrant Local Economy



- Is built around a community of personal connections.
- Is fostering cooperation and collaboration before competition.
- Is wired, networked, and mobile.
- Tells stories—about the producers, the sellers, and the consumers of goods and services.
- Is socially and environmentally responsible.
- Is redefining the meanings of VALUE and WEALTH.
- Thinks local first.
- Trades in more than just money.

This will help us all achieve stronger, healthier, living communities that are independent but also interdependent.

Collaboratively Building Community through Business

- The **Staunton Creative Community Fund** is helping to build and foster the communities by:
 - supporting and funding local entrepreneurs;
 - incubating non-profits and other community projects;
 - creating spaces for inspiration, collaboration, and new connections in the community.
 - engaging community members on the next innovative steps to take.
- We provide clients with:
 - Business-plan and other startup assistance;
 - funding – loans from \$1,000 to \$50,000;
 - support in making new relationships and networking;
 - long-term guidance and collaboration to ensure lasting success.
 - matched Savings
- We service entrepreneurs in the central Shenandoah Valley:
Augusta Co., Rockingham Co., Rockbridge Co., Highland Co.,
Bath Co., Staunton, Harrisonburg, Waynesboro, Lexington;
Buena Vista.
- Visit us at our office at 10 Byers St. in Staunton, and find us online at www.stauntonfund.com.

Prepping for a Loan

- Write a Business Plan
 - This is the road map to your business
 - Make sure you know EVERYTHING in it.
- Check your credit!!!
 - Make corrections and/adjustment now!!
- Liquidity
 - 20% cash for loans over \$20,000
- Get Business Docs in Order
 - Business licenses and registrations required for you to conduct business
 - Articles of Incorporation
 - Copies of contracts you have with any third parties
 - Franchise agreements
 - Commercial leases
 - Personal Financial Statements, Tax returns, Bank Statements
- Build a relationship with your lender!!!

Requirements for an SCCF Business Loan

What do I need?

With every application:

- Complete business plan with two-year cash flow projections

For Existing Businesses Only:

- Copy of business federal tax returns (3 years)
- Income statement and balance sheet for 3 years including year to date
- Copy of any bankruptcy discharge order during the past 7 years (if applicable)

One per owner (any individual obtaining at least 20% ownership in business):

- Personal financial statement (using form provided by SCCF)
- Copy of any bankruptcy discharge order during the past 7 years (if applicable)
- Recent copy of personal credit report and credit score
- Copy of personal tax returns (3 years)
- Copy of driver's license or other form of ID

Virginia Individual Development Accounts

- Special matched savings accounts for individuals and families of modest means.
- Participants save earned income on a regular basis in a special account.
- Savings earmarked for purchase of a specific asset: Small business, Post-secondary education.
- Matching funds provided to grow the savings, and acquire an economic asset for the long term.
- Very lucky in Virginia. We have VIDA that is administered by Department of Housing and Community Development.
- Go to <http://www.dhcd.virginia.gov/images/VIDA/VIDA-Intermediary-directory.pdf>

Your
Contribution

VIDA's Match

Total \$3



+



=



How does VIDA Work?

- You make a commitment to deposit a minimum of \$20/per month into a special VIDA savings account. Or you can deposit your EITC right into the account.
- We will match your deposits with \$2 for every \$1 you save
- (for example, if you save \$20, we give you \$40).
- A 200% return on your investment!
- You can save up to a maximum of \$2,000 over a 2 – 3 year period, and we will match it with \$4,000, giving you a total of \$6,000 to put towards your savings goal.
- The combination of education, support and access to capital is powerful!!!

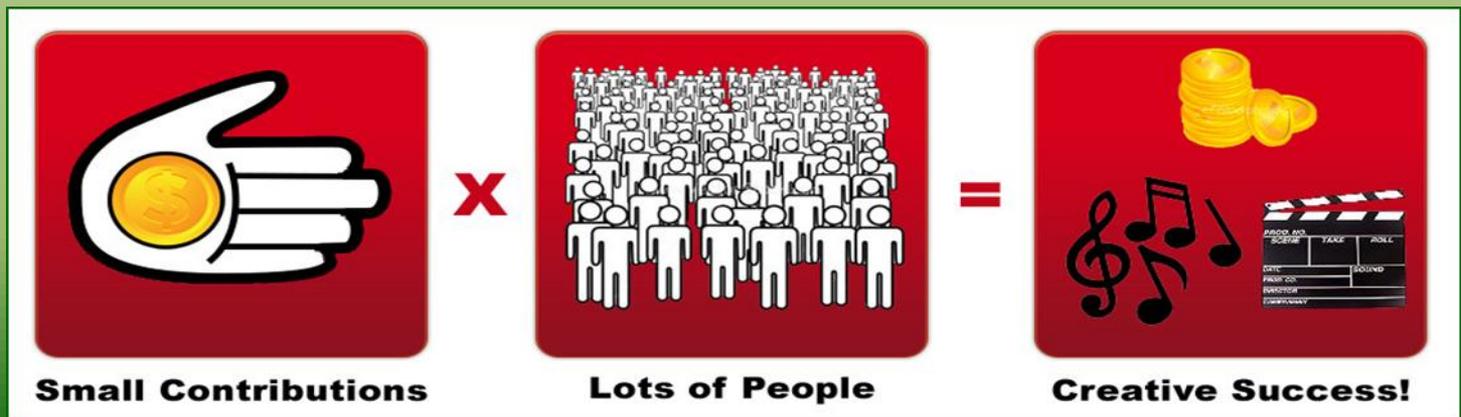
Crowdfunding



- A new way to get your customers INVOLVED in your business.
- Options include:
 - Online campaigns like Kickstater.
 - Pre-payments on products or services, at a discount.
 - Donations or loans from friends and family.
 - In-kind services.
 - “Shares” of your business.

Where Can You Crowdfund?

- Kickstarter
- Indiegogo
- GoFundMe
- ChipIn
- RocketHub
- GiveForward
- AppBackr
- Crowdfunder
- Fundable
- Peerbackers





Dawn Nay Rule forty-two

rule:
forty two



Furniture re-painting and refinishing, plus accessories, supplies, and other clothing items. The retail store and workshop in downtown Staunton just celebrated their 2 year anniversary!

hOUR Economy

- hOUR Economy is an alternative local economy based on time and relationships, rather than dollars.
- Anyone participating can “earn an hour” for time they spend helping neighbors, fellow business owners, or organizations that are also participating in hOUR Economy.
- Hours deposited into an online database.
- They can then spend that hour to receive services from neighbors, businesses, and organizations within the community.
-the cycle continues



Sounds great, but how does it work for Business?

- Enable microenterprises to access a suite of services they need for business operations (website design, accounting, consulting, marketing, coverage on sick days, etc.) on a platform other than debt –
 - meaning that whenever a microbusiness is able to acquire these services without having to borrow money,
 - their overall cash flow improves as does the viability of their business.
- This increases SCCF's and other lenders' ability to make loans for business costs that do need financing (inventory purchase, equipment purchases, etc), while simultaneously benefiting both the business and its entrepreneur.

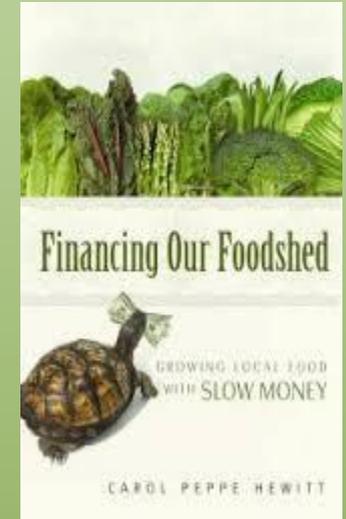
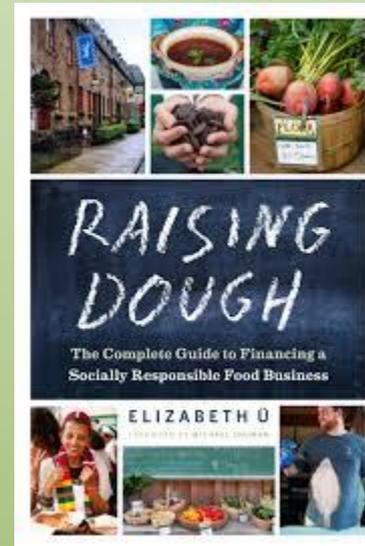
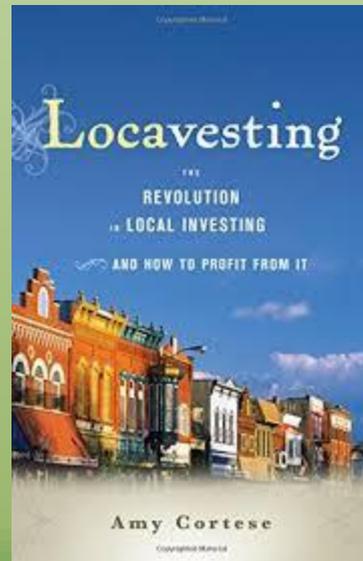
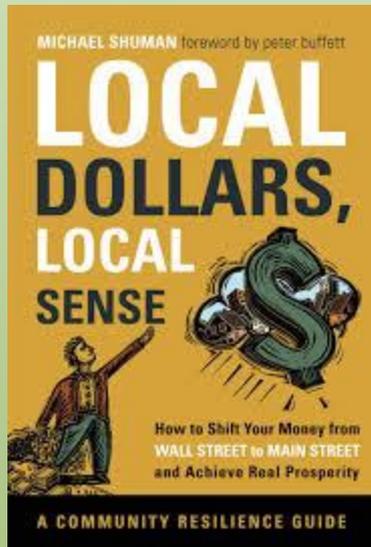
Building Community

- Created a Facebook Forum
 - Give recommendations
 - Feedback
- Documenting stories
 - Newsletter
- Community Partners
 - Transition Staunton
 - Parks and Rec
 - SDDA
 - WDDI
 - Volunteer Staunton



Joy Boardman getting a massage from Gerry Stowers, owner of Meditation in Motion. Joy earned hours by attending meetings and volunteering for hOUR Economy.

Began to educate ourselves and the community



Community Investing Strategies

Why?

- Democratization of the Economy
- Too much money is leaving our communities
- Growing Small Businesses
- Building Community Relationships



Grow Eat Play Shop Earn

Invest

Locally

Tools & Tales for a New Economy



What we found

Variety of Investment strategies: Simple to Complicated

- Crowdsourcing
- Network Models
- Investment Clubs
- Cooperative
- Direct Public Offerings

So many options to choose from: What do we do?

What will actually work for us?

General Approach:

- Is it Replicable?
- What tools would make it more so?
- Are those tools available?
- Is the Community interested?



WE HAVE A PLAN





- 0% Interest Loans, available in \$5 crowd-sourced increments
- First loan \$5,000 maximum per business. Can go up to \$20,000 over time
- No fees, 45 days to raise funds
- Requires SCCF sponsorship

Kiva Zip borrowers should

- Have a strong business concept
- Have strong character
- Not be heavily indebted
- Either be financially excluded or having a positive social impact with their business

What the loans look like

- For a business purpose
- Small size
First loans are \$5,000 or less; subsequent loans can be larger
- Short loan term
24 months or less
- 0% interest
- Administered via PayPal

Strict requirements

- The borrower's debt-to-income ratio must be less than 30%
- The borrower cannot have any *past due debt*
- The loan must be less than 75% of the borrower's income
- Not *currently* be in foreclosure or bankruptcy

LIONS & Match Making

- LIONS (Local Investing Opportunities Networks) are networks of individuals looking to invest, and who have investment opportunities.
- Emphasize pre-existing relationships, (Including non-pitch social functions to establish those relationships)
- All loans and equity investments are individually negotiated
- Diversity of risk tolerance among investors
- Matchmaking entity has no direct underwriting risk or responsibility

LIONS & Match Making



Since 2006:

\$3 million dollars

43 deals

SLOWMONEY NC

Since 2010: \$1 million , 85 loans, 50 businesses

Next Step for SCCF

- How-To Manual of Available Local Investing Options
 - First step was the creation of the Toolkit
- Create Infrastructure (and new name):
 - Promissory Notes
 - Partnership & Equity Agreements
- Cultivated Investor Networks
 - Evaluate Need of Entrepreneurs
 - Discerning Potential Investor Engagement and Determine the Capacity of Investors
 - Create a database
 - Project Identification & Pipeline
 - Organize meetings
- Clear Guidance on “Pre-Existing Relationships”

Thank You



Christina Cain

Executive Director

Staunton Creative Community Fund

www.stauntonfund.com