

Circle of Aunts and Uncles Membership Agreement

I. The Circle of Aunts and Uncles' Overview

The Circle of Aunts & Uncles (CAU) is a multi-generational project to provide low-interest loans and social capital to under-resourced entrepreneurs in order to co-create a more equitable, compassionate, sustainable, and vibrant local economy in the Greater Philadelphia region.

II. The Circle of Aunts and Uncles' Vision

The CAU envisions a prosperous regional economy that supplies basic needs to the local population, works in harmony with our ecosystem, supports vibrant, joyful, and inclusive community life and has broad-based business ownership reflecting the demographics of our population.

III. The Circle of Aunts and Uncles' Operations

The CAU capitalizes a revolving loan fund housed and managed by The Enterprise Center, a 501c3 Community Development and Financial Institution (CDFI). TEC also provides a part-time loan manager. The CAU provides both low-interest loans and social capital to under-resourced, mission-driven entrepreneurs in the Greater Philadelphia region.

- A. Capital – The CAU lends term loans up to \$15,000 with term length of three years. The CAU charges an interest rate of 3%, which goes into the loan fund (aunts & uncles make no return). Loans are for a specific purpose such as the purchase of equipment, packaging, or brick and mortar upgrades, not for general operating funds or refinancing existing debt.
- B. Social Capital – The CAU leverages non-financial resources to support the borrower businesses beyond loan dollars. The group has extensive professional experience in business, law, architecture, design and real estate and connections in many other sectors. For example, aunts and uncles may spread the word about the business to friends and colleagues, become customers themselves, provide marketing/management/sales advice and/or make connections to potential buyers, reporters, seasoned colleagues in the same industry, local suppliers, storage opportunities, and/or other resources.
- C. Small Circles – Each borrower receives a 'small circle' or group of aunts and uncles who are committed to providing the social capital necessary for the entrepreneur to thrive. The small circle is not required to provide administrative and backend support—that is the job of the CAU Loan Manager through The Enterprise Center. Rather, small circle members are expected to provide support and social capital to the entrepreneur.

IV. Roles and Responsibilities of Aunts and Uncles

The CAU Revolving Loan Fund is capitalized by individual donors. These individual donors, referred to as 'aunts and uncles', collectively create the Circle of Aunts and Uncles (CAU). Aunts and uncles have a specific role to play in the capitalization and success of the CAU Revolving Loan Fund.

A. Mandatory Minimum Contribution of \$2,000 to the CAU

To become an aunt or uncle, an individual must make an initial contribution of a minimum of \$2,000 to the CAU Revolving Loan Fund (or \$3,000 per couple.) Contributions are a **tax-deductible charitable contribution to The Enterprise Center, a 501c3**. Aunts and uncles are asked to make **additional contributions of \$1,000 per year per person**. The exception to this is the "social capital member," explained in section VI.

Contributions to the Loan Fund are used for the purpose of making loans, except for a maximum of \$5,000 per year spent to cover administrative costs and marketing.

Mandatory Engagement with the CAU

Unless you choose to be a “silent” member (see section V. below), Aunts and uncles are required to—at minimum—read and review the CAU e-newsletters and updates to stay informed. Additionally, aunts and uncles are expected to promote and frequent the businesses that are borrowers of the CAU Loan Fund.

B. Expected but not Mandatory Engagement with the CAU

Aunts and uncles are strongly encouraged to attend **at least two** of the four quarterly CAU gatherings. These gatherings are critical to the sustained success of the CAU. At three of these gatherings, aunts and uncles meet the entrepreneurs and ultimately vote on the loan applications. The fourth gathering is the annual Family Reunion of all aunts & uncles (past and present) and “nieces and nephews”, when we hear briefly from each entrepreneur and celebrate our anniversary.

Aunts and Uncles are strongly encouraged to **join at least one small circle in support of a particular entrepreneur and attend those meetings.**

Other ways to serve include, joining these committees:

- CAU Steering Committee – helps to manage the health and growth of the loan fund and make decisions regarding the operation of the organization.
- Loan applicant interview committee -meets with entrepreneurs applying for a loan and makes decisions as to which entrepreneurs will be invited to present to the CAU.
- Attend events in support of the entrepreneurs, such as crowd-shopping.

Aunts and uncles are strongly encouraged to support local entrepreneurs and businesses by purchasing locally made products and buying from locally owned retailers. Aunts and Uncles are encouraged to promote the local economy and local businesses to their friends and family.

C. Encouraged Engagement with the CAU

Aunts and uncles are encouraged to host one of the quarterly gatherings, which includes providing meeting space in their home or elsewhere and arranging for a buffet dinner, with wine and non-alcoholic beverages. These gatherings are typically **30-35 people** including the presenting entrepreneurs and recommending advisors. (Each participant pays \$30 for dinner. Hosts are expected to arrange the purchasing of food, beverages and the set-up. Small crowded spaces are fine!

Aunts and uncles are encouraged to, at times, host small circle meetings or steering committee meetings. These are roughly **4-8 people** in size. Aunts and uncles are encouraged to provide refreshments at these meetings.

Aunts and uncles are encouraged to provide advice, social capital, and connections to any and all borrowers who are in a field or have a need that the aunt or uncle has expertise or experience in. Examples of this include: a meeting or phone call to give advice, pro-bono assistance in a field of expertise such as: finance, legal, architecture, business management, real estate, food (from farming to retail), manufacturing, marketing, fashion and the arts, connection to a successful or experienced friend and/or colleague, and connections to business opportunities.

V. Silent Aunts and Uncles

In the event that an individual is interested in supporting the CAU financially, but does not have the availability to attend events and engage with entrepreneurs, said individual is welcome and encouraged to contribute funds to the CAU Revolving Loan Fund.

Silent aunts and uncles are not required to attend any events, read newsletters, or provide any social capital or time commitments to the CAU and its borrowers, but are always welcome to attend any gathering, especially the Family Reunion. Silent aunts and uncles forgo their ability to vote on loans and CAU decisions.

VI. Non-Financial Social Capital Contributors

In certain and special circumstances, when an individual provides uniquely specific or strongly beneficial knowledge, expertise, and/or social capital but does not have the financial ability to contribute the minimum \$2,000, said individual can join the CAU as a social capital aunt or uncle. Said individual will be **required** to provide a minimum of 2-4 hours a month supporting the CAU borrowers through the aforementioned social capital and technical assistance mentorship outlined in section IV.B – IV.C. Some social capital members choose to make an annual contribution of \$250.

VII. Confidentiality

Members of the CAU will receive sensitive information regarding entrepreneurs and their businesses. This includes but is not limited to financial statements, business plans, and personal information. All applicant information must be kept confidential unless otherwise noted.

VIII. Final Note to Potential CAU Aunts and Uncles

The CAU thanks you for your interest in supporting a vibrant local economy in Greater Philadelphia. We believe that a strong local economy, which produces basic needs for the region, builds local self-reliance and resiliency, particularly important as we face a climate crisis. Locally owned small businesses give our neighborhoods unique character and identity. Shopping at local businesses builds community wealth. It is a studied and known fact that dollars cycle more times throughout a community when spent in a small locally-owned business, rather than chain stores, which drain capital from our region. Lastly, small business and entrepreneurship provide opportunity to some of the most underserved and undercapitalized sections of our society—such as immigrants, returning citizens, and community members without formal higher education.

The CAU is meant to be both meaningful and fun. Aunts and uncles are encouraged to build relationships with other aunts and uncles in addition to the borrowers, to build community and together create an energy field supporting local business ownership. The group forgoes traditional loan review processes and focuses strongly on relationships to serve entrepreneurs who are unable to access capital through most—if not all—traditional sources of funding. There will always be good food, good conversation, and the collective joy of working toward a shared vision of an inclusive, sustainable and locally-based economy in the Greater Philadelphia region.

Checks should be made out to The Enterprise Center and sent with the agreement form below to:

The Enterprise Center
Circle of Aunts & Uncles
4548 Market st, Philadelphia, PA 19139

TEC is a non-profit 501c3. Federal EIN #: 27-0022215

Revised 1/2022

Circle of Aunts and Uncles Agreement Form

I. Contribution of Funds

I _____ CONTRIBUTOR/S) agree to contribute a minimum of \$2,000 a person (\$3,000 per couple) to the Circle of Aunts and Uncles Revolving Loan Fund (FUND), which is a loan fund operated by the Circle of Aunts and Uncles (CAU) and managed by The Enterprise Center (TEC).

____ I, the CONTRIBUTOR/S, will commit \$ _____ as a tax-deductible charitable donation to the FUND, to support the CAU.

II. Contributed Funds

All charitable donations will be made payable to TEC. CONTRIBUTOR will receive a letter acknowledging the amount and date of said charitable donation. All charitable donations will be used towards the CAU as specified in the aforementioned section.

III. Aunt and Uncle Expectations

____ I, the CONTRIBUTOR, will commit to the role of **an aunt of uncle** and the aforementioned engagement recommendations and mandatory commitments listed in Section IV. of the Memorandum of Understanding.

____ I, the CONTRIBUTOR, will operate as a **silent aunt or uncle**, as listed in Section V. of the Memorandum of Understanding.

____ I, the CONTRIBUTOR, will commit to the role of a **social capital aunt or uncle** and the aforementioned commitments listed in Section VI.

IV. Liability

I, the CONTRIBUTOR, waive my rights to pursue any legal action against the CAU, the FUND, and/or TEC. I, the CONTRIBUTOR, fully understand and acknowledge the risks associated with lending to high-need, under-capitalized small businesses.

CONTRIBUTOR/S NAME: _____

ADDRESS: _____

PHONE: _____ EMAIL: _____

CONTRIBUTOR/S SIGNATURE/S: _____

DATE: _____