

Circle of Aunts and Uncles Membership Agreement

2/2018

I. The Circle of Aunts and Uncles' Overview

The Circle of Aunts & Uncles (CoAU) 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 CoAU 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 CoAU 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 staff loan manager. The CoAU provides both low-interest loans and social capital to under-resourced, mission-driven entrepreneurs in the Greater Philadelphia region.

- A. Capital – The CoAU lends term loans up to \$12,000 with term length of three years. The CoAU charges an interest rate of 3%. 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 CoAU 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. Sub-Circles – Each borrower receives a 'sub-circle' or group of aunts and uncles who are committed to connecting the entrepreneur to social capital that will help them thrive. In some cases, members of Sub-circles provide professional services to the entrepreneurs themselves. Sub-circles meet throughout the 3-year loan period, at the discretion of the group and entrepreneur. Sub-circles receive administrative support from the CoAU Manager from The Enterprise Center.

IV. Roles and Responsibilities of Aunts and Uncles

The CoAU 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 (CoAU). Aunts and uncles have a specific role to play in the capitalization and success of the CoAU Revolving Loan Fund.

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

To become an aunt or uncle, an individual must contribute a minimum of \$2,000 to the CoAU Revolving Loan Fund (or \$3,000 per couple.) Contributions are a **tax-deductible charitable contribution to The**

Enterprise Center. Aunts and uncles are asked to make **additional contributions of \$1,000 per year per person.**

Mandatory Engagement with the CoAU

Unless you choose to be a “silent” member (see section 5 below), aunts and uncles are required to—at minimum—read and review the CoAU e-newsletters and updates to stay informed. Additionally, aunts and uncles are expected to promote and frequent the businesses who are borrowers of the CoAU Loan Fund.

B. Expected but not Mandatory Engagement with the CoAU

Aunts and uncles are strongly encouraged to attend **at least two** of the four quarterly CoAU gatherings. These gatherings are critical to the sustained success of the CoAU. At these gatherings, aunts and uncles meet the entrepreneurs and ultimately vote on the loan applications.

Aunts and Uncles are strongly encouraged to join and attend at least one of the smaller meeting groups commonly referred to as ‘sub-circles’, ‘committees’ or ‘small circles’:

- Borrower Sub-Circle – Join and attend a borrower’s sub-circle providing feedback and guidance to the entrepreneur. Sub-Circles convene from one time to multiple times over the course of the loan.
- CoAU Steering Committee – Join the CoAU Steering Committee helping to manage the health and growth of the loan fund and making decisions regarding the operation of the organization.
- Join the applicant interview committee, which meets with entrepreneurs applying for a loan and makes decisions as to which entrepreneurs will be invited to present to the CoAU.

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 CoAU

Aunts and uncles are encouraged to host one of the quarterly full CoAU gatherings. These gatherings are typically **30-35 people** who attend dinner and a meeting. (Each participant pays \$25 for dinner. BYO alcohol. Hosts are expected to arrange the purchasing of food and the set-up. Smaller crowded spaces are fine! The CoAU Manager through The Enterprise Center can assist in the coordination and planning of the event.

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

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 one-time meeting or phone call, an extended mentorship relationship, 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 CoAU with a tax-deductible donation, but does not have the availability to attend events and engage with entrepreneurs, said individual is welcome to contribute funds to the CoAU Revolving Loan Fund. Their donation will directly contribute a more equitable, compassionate, sustainable, and vibrant local economy in the Greater Philadelphia region.

Silent aunts and uncles are not required to attend any events, read newsletters, or provide any social capital or time commitments to the CoAU and its borrowers. Silent aunts and uncles forgo their ability to vote on loans and CoAU 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 CoAU as a social capital aunt or uncle. Said individual will be required to provide a minimum of 2-4 hours a month supporting the CoAU borrowers through the aforementioned social capital and technical assistance mentorship outlined in section IV.B – IV.C.

VII. Confidentiality

Members of the CoAU may 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 CoAU Aunts and Uncles

The CoAU thanks you for your interest in supporting a vibrant local economy in Greater Philadelphia. We believe that a strong local economy, with an array of unique small businesses, promotes equity and equality both in our city-core as well as the surrounding region. It is a studied and known fact that dollars cycle more times throughout a community when spent in a small locally-owned business. 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.

Lastly, the CoAU is meant to be both engaging and fun. Aunts and uncles are encouraged to build relationships with other aunts and uncles in addition to the entrepreneurs. The group forgoes traditional loan review processes and applications 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 a strong mission to serve undercapitalized entrepreneurs 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

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 (CoAU) 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 CoAU.

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 CoAU as specified in the aforementioned section.

III. Aunt and Uncle Expectations

____ I, the CONTRIBUTOR, will commit to the role of **an aunt or 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, understand the risks associated with the FUND and lending to undercapitalized entrepreneurs. I, the CONTRIBUTOR, waive my rights to pursue any legal action against the CoAU, 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: _____