

Asset Building Loans for Entrepreneurs (ABLE) Funding Guidelines

The Miami Foundation's core mission is to build a stronger, more equitable and resilient Miami. Through the Open for Business program, the Foundation is **supporting historically underserved small businesses and nonprofits to build resilience and generational wealth.**

Funded with a \$20 million grant from Wells Fargo, The Miami Foundation and financial partner, Partners for Self Employment, will **distribute grants and loans to nonprofits and small businesses across Miami-Dade County to support their acquisition of critical assets, such as technology, equipment, machinery, inventory, and property.** Ultimately, the program aims to ensure that historically underserved and underinvested entrepreneurs have a fair chance to build prosperity in the Miami they helped create.

FOCUS AREAS

Through the **Miami Open for Business program**, the Foundation and implementation partner, Partners for Self Employment, a local community development financial institution (CDFI), will award grants and loans to **historically underserved (i.e., Black, Latino, LGBTQ, veteran, or person with disabilities)** small businesses and nonprofits in varying amounts through three core financial products:

- 1. Microgrants for Technology and Equipment (\$100 - \$20,000):** Funding to support the acquisition of technology, such as hardware and software, including subscriptions and licensing and machinery, equipment, tools, and related assets. A total of approximately \$800,000 will be awarded annually to 40-60 organizations.
 - Nonprofits apply through [The Miami Foundation](#).
 - For-profit businesses apply through [Partners for Self Employment](#).
- 2. Asset Building Loans for Entrepreneurs (ABLE) (\$5,000 - \$100,000):** Low-interest, patient financing to support the purchase of vehicles, inventory (i.e., contract financing), to finance a remodel/renovation, business succession, or co-op conversion. A total of approximately \$2 million will be lent annually to 30-50 organizations.
 - Both nonprofits and for-profits apply through [Partners for Self Employment](#).
- 3. Collective Real Estate Ownership (CREO) (up to \$500,000 per proposal):** Funding to a collaborative or partnership to facilitate the purchase of shared commercial real estate in select Miami-Dade neighborhoods. Funding can be used to cover down payment and associated transaction costs. A total of approximately \$2.2 million will be awarded annually to 4-6 partnerships.
 - Collaboratives apply through [The Miami Foundation](#).

This funding guidelines document is specific to Asset Building Loans for Entrepreneurs (ABLE).

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FUNDING PRIORITIES

Applications for funding through Miami Open for Business will be scored against the following criteria and awarded to organizations that meet these core funding priorities:

- Represent a **historically disadvantaged community**; i.e., business is owned and operated by a Black, Indigenous, Latino proprietor and/or serves a predominantly Black, Indigenous, Latino community. Additional consideration will be given to business owners who identify as LGBTQ+, a person with disabilities and/or a military veteran.
- **Serve the community**; i.e., organization provides a service or good that benefits and brings value to the local neighborhood (businesses in ‘sin’ industries, such as alcohol, firearms, adult industry, or that focus exclusively internationally are ineligible to apply).
- Have **strong organizational** and **financial capacity**, including **repayment ability**; i.e., organization can effectively steward and deploy funding; business has sufficient cash flow and projected revenue or fundraising to continue operating and repay the loan. Organization is properly incorporated and has accurate and updated registration information.
 - » For ABLE loans, there is no minimum credit score to be eligible. Instead, applicants and the organization’s ability to repay the loan will be evaluated holistically.
- Are **employer firms** that offer **quality jobs**; i.e., organization provides employment opportunities by retaining staff and/or consultants. Quality jobs include those that offer at least a living wage (approximately \$18/hour in Miami-Dade County), fringe benefits, prioritize employing residents from the adjacent community, and prioritize hiring individuals from marginalized backgrounds, etc.
 - » Sole proprietorships may apply, but are less likely to receive funding than organizations with employees.
- Will use the funding to **transform trajectory**; i.e., organization is committed to deploying funding in such a way that positively influences the organization’s growth potential.
- Located in an **underserved neighborhood**; while loan applications are welcome from any Miami-Dade County business, we will award priority points to organizations located in the following communities:
 - » Allapattah
 - » Homestead and Florida City
 - » Liberty City and Little Haiti
 - » Miami Gardens and Opa Locka
 - » North Miami and North Miami Beach
 - » Overtown
 - » Richmond Heights and West Perrine

ABLE FUNDING DETAILS

Eligibility

Eligible loan applicants include **both nonprofit organizations** (IRS 501(c)(3) nonprofits and those with a fiscal sponsor) **and small businesses** serving and located in Miami-Dade County that meet additional eligibility requirements below. Applicants will apply directly at [Partners for Self Employment's loan portal](#).

Eligible organizations must be owned or operated by an individual(s) from a **historically underserved background** (i.e., Black, Latino, LGBTQ, veteran, or person with disabilities), must be in operation for **at least 2 years**, and must have an annual operating budget or revenue of **\$1 million or less**.

Loan Purpose and Use of Funds

The purpose of this funding opportunity is to provide patient, low-interest financing in the format of **loans ranging from \$5,000 to \$100,000** to historically underserved small businesses and nonprofit organizations in support of asset building. The interest rate of the loan is capped at 3% for for-profit businesses. Nonprofit borrowers will not be charged interest on the loan. Repayment terms vary from 1 to 5 years, depending on the loan use case. For many ABLE loans, funding will be disbursed directly to the supplier or vendor on behalf of the borrower to facilitate purchasing.

Below are details on each of the eligible asset-building use cases for ABLE loans:

- *Vehicle purchase:* Financing the purchase of a truck, van, bus, trailer, forklift, etc. for exclusively commercial purposes.
- *Remodeling or renovation loan:* Financing capital improvements to a façade, interior redesign, plumbing/electric upgrades, LEED/energy efficiency upgrades, ADA compliance, COVID/health safety protocols, etc.
- *Inventory loan (i.e., contract financing):* Financing the purchase of bulk goods, merchandise, textiles, raw materials, etc., primarily in order to fulfill larger contracts.
- *Refinancing of predatory debt taken on for asset building:* Restructuring and paying off prior high-interest or extractive loan that was incurred by the business specifically for acquiring fixed assets. The asset(s) must still be in the possession of the business and in usable condition.
- *Succession financing:* Financing the transfer of an existing business between generations (i.e., family business) or purchase of legacy business by new borrower.
- *Co-operative ownership conversion:* Financing the conversion of a business into a worker cooperative or other similar shared worker ownership model.

For the initial round of lending, applicants may only request funding within 1 loan fund use case category (e.g., inventory or remodeling).

Loan funding may **not** be used to cover other operational expenses, such as payroll, overhead, rent for an existing location, etc. In addition, loan funding may **not** be used to fund items covered by other Miami Open for Business funding opportunities, such as technology, machinery, tools, or real estate acquisition.

Asset Building Loans for Entrepreneurs (ABLE) Funding Guidelines

Loan Size and Duration

Final loan amounts will vary, depending on the volume of proposals received and the proposed purpose of each loan application. Loans will be offered **between \$5,000 to \$100,000**, structured on a **1 to 5 year repayment timeline**, depending on the purpose. Please note, not all loans will be fulfilled at the full amount requested.

Loan Reporting Expectations

If funded, borrowers will be expected and prepared to provide, upon request, proof of asset purchase and utilization in the course of business. For many ABLE loans, funding will be disbursed directly to the supplier or vendor on behalf of the borrower to facilitate purchasing. Loan recipients will also be asked to provide additional information about how the asset purchase impacted their business (i.e., staff retention or growth, increase in revenue, sales, or donations, etc.).

Application Process and Timeline

Both nonprofit and small businesses must submit an online loan application with [Partners for Self Employment](#). Applicants may submit **only one proposal** per funding cycle. We will offer rolling funding cycles each year for the next two years.

- *Funding guidelines released:* Thursday, October 6th, 2022
- *Informational office hours:* Thursday, October 20th or Tuesday, October 25th
- Applications will be accepted and funded on a rolling basis through December 1st, 2022, or until annual funding allocations are met, whichever occurs first.

Information Sessions

Prospective applicants are invited to join us to learn more about the Miami Open for Business microgrant and loan offerings and get your questions answered. Register to attend one of the four following virtual information sessions by clicking the links below. All information sessions will be recorded and uploaded to our website for later access; a portion of the information in each information session will also be presented in Spanish.

- Tuesday, October 11th from 1:00-2:00pm EST – [register here](#)
- Wednesday, October 12th from 3:00-4:00pm EST – [register here](#)
- Thursday, October 20th from 4:00-5:00pm EST – [register here](#)
- Tuesday, October 25th from 4:00-5:00pm EST – [register here](#)

Questions

On our website, you will find a document containing answers to commonly asked questions. If, after reviewing, you have any additional questions, please email our shared inbox at openforbusiness@miamifoundation.org.

ABLE APPLICATION QUESTIONS

Applicant / Owner and Business Information

To apply, loan applicants should be prepared to provide personal and identifying information for all the legal owners of the business. Demographic information about owner(s) will also be collected to ensure that funding is reaching targeted historically underserved communities, but is not used to make lending decisions. In addition, loan applicants should be prepared to provide the legal and financial information about the business, such as EIN #, DUNS #, incorporation type, projected revenue, and operating budget.

Narrative Questions

- 1. Background** | Briefly describe your business. Include a description of the product or service you are selling, a description of your target market (customer) including how they benefit from the product or service, and a description of your staff, team, or consultants and your plan to hire if you need to add human capital.
- 2. Purpose** | Describe how you will be investing the funds you are applying for. Include a description of the asset and its use within your business, how the asset will increase or enhance your business, your plan for meeting increased demand, how you will reach new or additional customers, and how having this asset will help your business reach future goals.
- 3. Social Impact or Benefit** | Please describe impacts of this funding beyond the acquisition of the asset. Include new jobs to be created, existing jobs to be retained, benefits to staff not previously available, climate implications, and increased community access to goods and services.

Required Attachments

Because all loans are personally guaranteed, required loan application attachments include personal documentation and business documentation. Applicants are not required to use the provided templates for financial reports or forecasts if the same information can be found on the applicant's internal reports or reports generated from an accounting system.

Personal Documentation

- ID and proof of Social Security card (if a U.S. citizen) or similar identifying document
- Copy of personal financial statement
- Copy of personal income tax return
- Form 4506-T, authorizing the access to a personal tax return transcript

Business Documentation

- Proposed use of funds with vendor estimate
- Actual cash flow YTD
- Balance sheet or financial statements (audited or unaudited)
- Business bank statements
- Proof of business address

Asset Building Loans for Entrepreneurs (ABLE) Funding Guidelines

- Financial projections*
- Copy of business tax return*
- Active Miami-Dade County business tax license, and for other municipalities as relevant
- Current employee roster
- Form 4506-T, authorizing the access to a business tax return transcript

* For nonprofit loan applicants, in lieu of these items, we will request a list of prospective donations and incoming funding and a Form 990.

(Optional) **Supplemental Information** | In this section please feel free to upload any information that will assist in determining the businesses ability to repay, impact the local community beyond the purchase of the asset you are applying for or will illustrate the businesses growth potential as a result of this financing.