



**GRANT & LOAN FUND
FOR EARLY-STAGE ARTS,
CREATIVE, AND CULTURAL
COOPERATIVES**

GRANT & LOAN FUND FOR EARLY-STAGE ARTS, CREATIVE, AND CULTURAL COOPERATIVES

Application Deadline: Monday, October 5, 2020 by 12:00 p.m. PT

Application Review: October 2020

Grant Period: Program Period (November 9, 2020 - February 4, 2022)

Loan Product Support and Administration (November 9, 2020 - February 4, 2022)

PROGRAM

Artists, creatives, and culture bearers are among those at the forefront of advancing emerging and alternative economies that shape our world. They are using shared ownership models like cooperatives to exercise autonomy and shared ownership as a way to realize independence and financial stability and self-determination. For example, they are important for innovating ways to make technology work better for artists when it comes to retaining ownership, procuring payments, and protecting copyright—innovations that protect individuals against corporate interests. Moreover, artists' cooperative enterprises hold promise not only for artists, whose nonprofit, commercial, and gig-economy support structures are not self-determining or sustaining enough, but also for their communities for whom their cooperative activities benefit.

We define “artists,” “creative industries,” and “culturally rooted” enterprises broadly. They include being a fine artist, maker, designer, creative entrepreneur, and a cultural practitioner. Artists' cooperatives can be serving identity-based communities (e.g., LGBTQ+ makers, Black XR content producers, or anti-corporate musicians) or place-based communities (e.g., Southwestern Native American crafts artists or Minneapolis-based Black hair and beauty stylists). Cooperatives can be place-based, place-agnostic, or platform-based (i.e., internet-based), as long as they operate in and are headquartered or incorporated in the U.S. or its territories. In addition, although the Fund will favor businesses legally incorporated as cooperatives, the Fund is open to all types of business entities that clearly demonstrate shared ownership of decision-making and profits--501(c)3 nonprofits, LLCs, benefit corporations, and collectives that operate with binding agreements of reciprocity amongst their members.

The Grant & Loan Fund for Early-Stage Arts, Creative, and Cultural Cooperatives is a collaboration between **the Center for Cultural Innovation's (CCI) AmbitioUS** national initiative; **Seed Commons**, a national cooperative of locally rooted non-extractive loan funds; and **Uptima Business Bootcamp**, a member-owned business accelerator that provides hands-on education and resources to entrepreneurs. The Grant & Loan Fund has three distinct components: 1) general operating support grant funding, 2) a non-extractive loan product provided by Seed Commons, and 3) cooperative-specific business and technical assistance during the program provided by Uptima Business Bootcamp.

The Grant & Loan Fund will provide \$125,000 in general operating support grants of up to \$25,000 each to five creative-industry cooperative enterprises. We encourage applications from cooperative enterprises at their early-stage (i.e., there is a commitment to starting the cooperative or the cooperative is newly incorporated) or early-stage growth (i.e., still a young cooperative with an opportunity to realize new growth with additional capital). In all cases, they must demonstrate cooperative ownership and governance based on a sustainably profitable business model and bylaws (or its equivalent) that indicate shared decision-making power. We also prioritize enterprises that specifically serve, are rooted in, and/or are of marginalized communities, whether these communities are place-, identity-, or affinity-based (e.g., Black creative content producers or creative entrepreneurs serving those who are differently abled). Although not a condition of eligibility, we are prioritizing supporting cooperatives wherein a combination of a \$25,000 grant from CCI, a loan of up to \$50,000 from Seed Commons (terms to be customized to awardees' potential), and technical assistance from Uptima would be catalytic in the cooperative's further development.

BACKGROUND

Investing in artist-led cooperatives with integrated early-stage financing will encourage their development and bolster their potential for success as viable businesses. Yet, early-stage capital is some of the hardest money to come by, particularly for cooperative enterprises. Our aim is threefold: (a) to provide grant capital to early-stage creative-industry and/or culturally rooting cooperatives and platform cooperatives based in the United States and its territories, (b) to de-risk lenders' support of these enterprises with a loan guarantee and business assistance by Uptima, and (c) to encourage the development of cooperatives of color, particularly those intentionally serving Black, Indigenous, Immigrant, trans, and disability populations.

Ultimately, we hope to shine a spotlight on, validate, and support cooperatives and platform cooperatives in the arts, creative, and cultural sectors. The cooperative structure holds promise for artists to retain ownership of creative content and to assert artists' ownership as normative behaviors in digital commerce and ownership of online assets, as culturally relevant and resonant anchors of specific place-based or identity-based communities. This program will also support a type of cooperatives that expand ownership beyond a single business owner to include not only founders but also, potentially, to a wider group of artists, community members, users or consumers, and beneficiaries whose participation perpetuates an ethos of democratic decision-making in order to share assets and power.

CCI is collaborating with Seed Commons and Uptima Business Bootcamp. Seed Commons is known nationwide for building the infrastructure for a just, democratic and sustainable new economy. Seed Commons channels investment to marginalized communities that have faced the brunt of the extractive economy, deindustrialization, and systemic discrimination, making community-controlled finance available to cooperatively-owned businesses that create jobs, build wealth, and challenge inequality. Uptima Business Bootcamp provides entrepreneurs with greater access to hands-on education, mentorship, resources, and community to create thriving businesses. Uptima Business Bootcamp is a cooperative of member-users of their services and grantees of the Grant & Loan Fund will have the option to join their cooperative.

At this time, this is a one-time-only program. We encourage all entities who fit the eligibility requirements—including entities that are not officially a cooperative business but are on track—to apply for the program.

ELIGIBILITY

To be eligible for consideration, applicants must:

- Be based in the United States or a U.S. territory.
- Be in an early-stage, ranging from pre-startup (i.e., in the process of incorporating as a cooperative business), to the early days of running the legally incorporated cooperative business (e.g., developing products or services), to having been incorporated with business growth potential (i.e., already launched and in operation but needing capital to grow toward profitability). The following are some examples of qualifying cooperatives:
 - Pre-Startup can include any of the following:
 - The applicant has commitment, but has not legally incorporated as a cooperative yet. (Applicant will need to demonstrate seriousness of intent, such as, through an already-launched public-facing website or platform, social media reach to cultivate membership, formal roles and responsibilities that anticipate stakeholder groups, legal paperwork or correspondence indicating a pathway to cooperative incorporation [a legally recognized cooperative business or any other type of corporation wherein there is demonstration of cooperative governance and profit-sharing].)
 - Applicant’s entity is in the “friends and family” stage with most of their financial support coming from their intimate network of personal contacts.
 - May be in the early stages of an already-formed cooperative, but cannot grow to the next level without an infusion of capital.
- Operate in or serve the artistic sector, creative industries, or cultural communities. Artists may not be the sole purpose, membership, or business, but artists (broadly defined) need to specifically benefit from your cooperative.
- Fulfill a need that is not just profit-based (e.g., help creative entrepreneurs retain ownership over digital content, create a sense of culturally shared identity, or de-corporatize who and how consumers retain control over their content). Preference will go to cooperatives that serve cultural communities that would particularly benefit from the alternative economic-model of cooperatives, such as Black, Indigenous, People of Color, Immigrant, LGBTQ+, and/or disability communities.

Some indicators that an applicant may be ready to apply for a loan, in addition to the grant, include:

- Have a minimum annual budget size of **\$50,000**.
- Have founding members who authentically reflect the communities of co-owners, consumers, and users the cooperative is trying to support and serve.
- Offer a product or service that has market demand.
- Has a clear notion of achieving greater revenue, and has a good plan to repay the loan.

The following are **ineligible** to apply and receive support:

- Currently financial support from CCI, Seed Commons, the Working World, or any of the local Seed Common partnering funds. (If you received a grant or loan from any

one of these groups in the past, but the obligations were satisfactorily closed, you may apply.)

- Relationships, through money or family, with any board or staff members of these organizations.

GRANTS AWARDED

Grant Support: The program will award up to five cooperatives with \$25,000 each in general operating support grant funding and can be used in any way that helps the cooperative, including for salaries, legal fees, expertise, and product or platform development. The grant and grant agreement will be with CCI, through its *AmbitioUS* initiative. The grant period is a 15-month period, November 9 - February 4, 2022.

In addition to the grant, each grantee will also have the opportunity to receive:

Loan: Seed Commons will provide a non-extractive loan of up to \$50,000, with repayment terms customized to each borrower and your unique repayment plan (i.e., interest rates, payment schedule, and duration of the loan). (As reference, Seed Commons loans carry a standard interest rate of 8%, with flexible repayment terms based on net profits of your enterprise (i.e., loans are only repaid after your other expenses are covered). Applicants will have the opportunity to select the following options “Grant only” or “Grant and Loan.” If an applicant selects wanting to be considered for both a grant and a loan, but upon discussion with Seed Commons, learns they may not be either ready for or well-served by a loan, then CCI reserves the right to either still provide the grant if the grant would still be catalytic to their proposed progress OR to not make a grant to that applicant if the combined capital was integral to the proposal. Therefore, being notified that your application is being considered for a loan means that you are competitive but may not ultimately receive either loan or grant support.

Technical Assistance: Uptima Business Bootcamp will provide customized business and technical assistance. Examples of their services include (but in no way indicates what may be provided) cooperative business models, business planning, budgeting, and capital raising strategies. Their support of each applicant will vary, with the majority of their time helping borrowers successfully repay their loan.

EVALUATION CRITERIA

Applications will be reviewed by staff of CCI, Seed Commons, and Uptima Business Bootcamp. This panel of reviewers will assess proposals based on:

- Intention of the enterprise reflects the commons-based and democratic ethos of mission-driven cooperatives.
- Stakeholder categories reflect that the cooperative serves groups of people with needs that are not sufficiently being met through other systems of support, and thereby serves a public good.
- Cooperative has a viable product or service that has the potential to earn a profit, and this information reflects an informed understanding of challenges and potentials.
- Long-term sustainability and profitability of the cooperative.

Although not required, we will also prioritize:

- Demonstration that a combination of grant, loan, and technical assistance can be catalytic to the development and viability of the cooperative.
- Cooperative is led by and intentionally serves historically underserved communities that have been discriminated against or excluded from opportunities to access

affordable and supportive capital. We will look for intentionality and not vague references to how underserved communities will be served.

- Cooperative, especially platform cooperatives, will help influence the digital economy through their innovative development or use of technology (e.g., smart contracts, copyright, digital currency, digital wallets, etc.).

TIMELINE

Applications Open: Monday, August 17, 2020

Deadline: The application must be received by CCI by Monday, October 5, 2020, by 12:00 p.m. PT.

Review Process (October 2020): A selection panel of representatives from Seed Commons, Uptima Business Bootcamp, and CCI, as well as people with experience in the arts and cultural and enterprise development, will adjudicate applications. This process will be administered and facilitated by CCI to ensure that panelists provide thoughtful assessment, fair judging criteria to all proposals, and reflect the diversity of the applicant pool.

Notification (November 2020) Applicants will be notified of the status of their proposals.

DELIVERABLES

Upon completion of the grant, recipients of the Coop Funding Program grant are expected to submit a final report detailing the use and impact of the funds. Reporting components will include:

- A narrative report detailing how the funding was used, what your next step will be at the conclusion of this grant, and any unexpected outcomes or challenges.
- Final financial accounting of how you used CCI's funds.
- High-resolution photographs in JPEG form and a link to any online videos documenting the impact of your project as a result of CCI's support.
- Those applicants receiving a loan from Seed Commons will have additional reporting requirements throughout the life of the loan, to be agreed upon between the applicant and Seed Commons.

HOW TO APPLY

Applicants who meet the program eligibility must submit an online application by Monday, October 5, 2020 by 12:00 p.m. PT.

Applications will be accepted only through CCI's *Submittable* portal.

RESOURCES

To assist you with your application process, please read the Application Preview, Video Submissions Tips & Tricks, and Examples of Competitive Profiles documents on the program's website: ambitio-us.org/investments/grants-loan-fund.

If you have additional questions about the application process, contact info@cciarts.org, address it to Abdiel J. López, CCI's Program Officer, and use the subject line "Grant & Loan Fund."