

Impact Microgrant Fund

RFP for Coronavirus State and Local Fiscal Recovery Funds

Venture Asheville (through the Asheville Chamber of Commerce)

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Application Form

Question Group

Buncombe County requests proposals for projects to help the community recover from and respond to COVID-19 and its negative economic impacts.

Buncombe County has been awarded \$50,733,290 in Coronavirus State and Local Fiscal Recovery Funds (Recovery Funding), as part of the American Rescue Plan Act. To date, Buncombe County has awarded projects totaling \$23,093,499, leaving a balance of \$27,639,791 available to award.

Visit <http://www.buncombecounty.org/recoveryfunding><http://www.buncombecounty.org/recoveryfunding><http://www.buncombecounty.org/recoveryfunding><http://www.buncombecounty.org/recoveryfunding><http://www.buncombecounty.org/recoveryfunding> for details.

This infusion of federal resources is intended to help turn the tide on the pandemic, address its economic fallout, and lay the foundation for a strong and equitable recovery.

Buncombe County is committed to investing these funds in projects that:

- Align to county strategic plan and community priorities
- Support equitable outcomes for most impacted populations
- Leverage and align with other governmental funding sources
- Make best use of this one-time infusion of resources
- Have a lasting impact

Proposals shall be submitted in accordance with the terms and conditions of this RFP and any addenda issued hereto.

[Click here for the full terms and conditions of the RFP](#)

Organization Type*

Nonprofit

Nonprofit documentation

If nonprofit, attach IRS Determination Letter or other proof of nonprofit status.

CBF 1992 determination letter Advanced Ruling.pdf

Name of Project.*

Impact Microgrant Fund

New/Updated Proposal*

Is this a new project proposal or an updated version of a proposal submitted during the earlier (July 2021) Recovery Funding RFP?

New project proposal

Amount of Funds Requested*

\$62,700.00

Category*

Please select one:

- Affordable Housing
- Aging/Older Adults
- Business Support/Economic Development
- Environmental/Climate
- Homelessness
- K-12 Education
- Infrastructure and/or Broadband
- Mental Health/Substance Use
- NC Pre-K Expansion
- Workforce

Business Support/Economic Development

Brief Project Description*

Provide a short summary of your proposed project.

Prior to 2021, Venture Asheville ran an annual microgrant program, awarding five or six \$5,000 grants to early-stage businesses -companies in the idea stage or just prototyping. The applications are brief, a simple paragraph of the description of the venture and a 1-minute video. In total, Venture Asheville issued 11 grants. Seven grants went to women or POC entrepreneurs.

Each application cycle receives nearly 100 applications from aspiring entrepreneurs. Historically, nearly 35% of applicants come from POC and 50% are women or non-binary.

In 2021, Venture Asheville paused fundraising and awarding grants to analyze prior winners to learn what makes for successful funding and growth at this stage in our ecosystem. These findings greatly inform our metrics and changes to the grant program.

Project Plan*

Explain how the project will be structured and implemented, including timeframe.

Building off two successful Microgrant campaigns, the approach and launch will closely align with previous initiatives. However, the follow-through and support will be modeled after the most successful prior grant recipients to ensure higher success rates for all grant winners.

Once the funding is secured, Venture Asheville will create a simple online application and begin reaching out to numerous community partners to host info sessions with a specific focus on POC-led spaces, create print materials and recruit a selection committee representing diverse communities, industries, and business experience.

Historically, Venture Asheville reaches out to nearly 30 diverse partners in business and community support roles. Additionally, the grants are advertised in the Venture Asheville newsletter, Hatch AVL newsletters, 1 Million Cups newsletters and AVLToday.

We promote and advertise for a full month prior to applications opening. Promotion continues while applications are open for one month. Once the application window is closed, our staff runs an analysis on demographics, industry breakdowns, checks for eligibility, and creates a report for the selection committee.

The selection committee meets to discuss and vote on applications into 10 finalists and five winners. We host a live event and invite all 10 finalists to network and give a one-minute pitch. And then we announce the five winners.

Historically, we required each winner to enroll in some support program that they could choose. The issue is that compliance and follow through was inconsistent.

Going forward, we are going to be more prescriptive in a way that follows prior success: formal team mentorship, incubation space, support to find follow-on grant funding, an "Experience Portfolio" and individual founder coaching. This is essentially the Venture Asheville playbook, which won a Gold Medal at the 2021 International Economic Development Council's Annual Meeting.

Henceforth, after the announcement, we meet the five winners to identify mentorship needs and enroll them in Venture Asheville's Elevate Program, onboard them into a peer-cohort of all the microgrant winners, set them up with 6 months of coworking space at Hatchworks, and identify metrics relevant to their venture.

After 6 months, we will review their progress and identify new needs.

Statement of Need*

Describe the need that this project will address. Include data to demonstrate the need, and cite the source of the data.

Early stage startups are in a daily battle for survival. Much of the early-stage needs aren't necessarily expensive, but force founders to compromise, choosing between learning a new skill or hiring out, choosing between manual labor or buying a machine, choosing between working in the business or working on the business.

Entrepreneurs are told to start with a "Friends and Family Round" to get their businesses off the ground. However, this old-school way of thinking leads to further inequities in the business community. The average net worth of a White family in America is \$170,000. But for Black families it's \$17,000. One can empathize with the mindset of someone who tells you to raise some money from the people closest to you when they are all well-off. But how is someone with \$17,000 to their family's name going to round up enough discretionary money from friends and family to take the risk of launching a new business?

Our ecosystem has a funding gap. We can successfully get a startup through crowdfunding, and we support multiple angel groups. We even have the Mountain Community Capital Fund (MCCF) but even the MCCF won't lend to a startup with less than 12 months of cash flow (per County operating rules).

We lack a mechanism to get startups off the ground. Personal savings are often the differentiator between growing and struggling startups, which further pushes our ecosystem away from diversity, equity and inclusion. With your help, we will create a micro-grant program to offer grants up to \$5,000 to high-growth potential startups in this critical phase in their entrepreneurial journey.

Venture Asheville's Microgrants have a proven track record of impact and success in recruiting diverse funding applicants. 64% of our grants are won by women and POC.

Link to COVID-19*

Identify a health or economic harm resulting from or exacerbated by the public health emergency, describe the nature and extent of that harm, and explain how the use of this funding would address such harm.

Mountain BizWork's comprehensive report on the effects of COVID on local businesses highlights a number of needed initiatives:

-affordability is squeezing local business owners. Our Microgrants are grants, no-strings attached, cash for entrepreneurs to take a leap without making a compromise.

-capital is needed at reasonable rate. Again, as a grant there is no interest charged to help entrepreneurs take a major step.

-Small Business technical assistance remains vital. Venture Asheville's method of mentorship earned \$85 million dollars, created nearly 300 jobs, and raised \$33 million dollars in capital for Buncombe County startups.

Most our revenue and investment came between 2020-2022. Even with the difficulties of COVID, we have an exceptional track record in enabling the ecosystem to benefit entrepreneurs.

Population Served*

Define the population to be served by this project, including volume and demographic characteristics of those served.

The population served includes Buncombe County residents who have an idea for a business. These come from people with day jobs, side hustles, etsy shops, etc... They are your friends, family, and neighbors. These grants give aspiring entrepreneurs the boost, cash, and confidence they need to turn ideas into ventures.

Again, 64% of our grants go to women and POC entrepreneurs and 35% of our applicants have been POC.

Results*

Describe the proposed impact of the project. List at least 3 performance measures that will be tracked and reported. If possible, include baselines and goals for each performance measure.

This funding will create five new businesses per year over two years, it will create a cohort of 21 grant recipients (10 new, 11 prior) to serve as peer-mentors together, it will engage more community members to join as trained mentors, and it will create cash flow for the local economy.

Prior winners have used the funding to secure equipment, space, inventory, hire people, hire agencies (for web design and marketing), fund patents, increase profitability, and win follow on grants.

We track the following metrics:

- Diversity of applicants by age, race, industry, gender, and orientation
- Revenue
- New Jobs
- Follow on investment

Evaluation*

Describe the data collection, analysis, and quality assurance measures you will use to assure ongoing, effective tracking of contract requirements and outcomes.

In accordance with previous grant cycles, each recipient is interviewed by our staff, metrics are identified, and mentors are assigned according to industry expertise an entrepreneur subject matter needs.

Once enrolled in our mentorship program, the grant winners will meet their mentor team each month which helps keep them accountable and on pace to meet their milestones. In addition to these sessions, grant winners will join our monthly Founders Luncheons, which are 2-hour meetings where a guest speaker presents topical information for the first half, followed by confidential peer-mentorship for the second half.

Every quarter, our staff requires the entrepreneurs to report revenue, investment, jobs, salaries, and milestones. This gives us a chance to check in and provide timely and targeted support.

To date, this model of mentorship has earned Buncombe-based startups over \$85M in revenue, raised over \$30M in follow on capital, and created over 285 jobs.

Equity Impact*

How will this effort help build toward a just, equitable, and sustainable COVID-19 recovery? How are the root causes and/or disproportionate impacts of inequities addressed?

Our grant recipients historically are a majority Women and Black or Brown entrepreneurs. Each of these group's earnings and achievement gaps widened during the COVID-19 pandemic. We expect to continue on this legacy of success and increase venture growth with our wrap-around services.

Project Partners*

Identify any subcontractors you intend to use for the proposed scope of work. For each subcontractor listed, indicate:

- 1.) What products and/or services are to be supplied by that subcontractor and;
- 2.) What percentage of the overall scope of work that subcontractor will perform.

Also, list non-funded key partners critical to project.

None, all will be done in-house as Venture Asheville.

Capacity*

Describe the background, experience, and capabilities of your organization or department as it relates to capacity for delivering the proposed project and managing federal funds.

Venture Asheville is a public-private-partnership built on grant funds, investment dollars, and nearly 40% government funding. Building off 8 years of success, and 11 grant winners under this program, we feel more than qualified to steward these funds and report metrics and results appropriately to the county.

Additionally, Venture Asheville's director, Jeffrey Kaplan, is quite familiar with ARPA funding as the chair of the Mountain Community Capital Fund, a recent recipient of \$1.25M from the County's first round of ARPA funding.

Budget*

Provide a detailed project budget including all proposed project revenues and expenditures, including explanations and methodology. For all revenue sources, list the funder and denote whether funds are confirmed or pending. For project expenses, denote all capital vs. operating costs, and reflect which specific expenses are proposed to be

funded with one-time Buncombe County Recovery Funds.

Download a copy of the budget form [HERE](#). Complete the form, and upload it using the button below.

Recovery-Funds-budget-IMPACTMICROGRANTFUND.xlsx

Special Considerations*

Provide any other information that might assist the County in its selection.

Please consider our recent report on new venture density, that Venture Asheville presented to the EDC board in early 2022. By analyzing rates of new venture creation per capita, we have found that Buncombe County is lagging comparable counties. Where we were leading counties like Guilford and New Hanover, each of these metros have surpassed Buncombe in terms of new ventures being created. The state of North Carolina is on an absolute hot streak for entrepreneurs to start businesses. And while it seems like our ecosystem is humming along, we are not keeping up with the state. Our pace is slowing and we are losing our high ranking.

Programs like this microgrant give entrepreneurs the confidence to take the leap, start their business, and become the next generation of job creators. Entrepreneurs literally build our future – from the products and services we'll use every day, to our next civic leaders, and our next philanthropists. If we want a better tomorrow, we need to build better entrepreneurs today. Please consider helping us shepherd 10 aspiring entrepreneurs through their startup journey.

File Attachment Summary

Applicant File Uploads

- CBF 1992 determination letter Advanced Ruling.pdf
- Recovery-Funds-budget-IMPACTMICROGRANTFUND.xlsx

INTERNAL REVENUE SERVICE
DISTRICT DIRECTOR
C - 1130
ATLANTA, GA 30301

DEPARTMENT OF THE TREASURY

Date: APR 23 1992

ASHEVILLE AREA CHAMBER OF COMMERCE
COMMUNITY BETTERMENT FOUNDATION
151 HAYWOOD STREET
ASHEVILLE, NC 28801

Employer Identification Number:
56-1762978

Contact Person:
ERIC C. HYLTON

Contact Telephone Number:
(404) 331-0193

Accounting Period Ending:
June 30

Foundation Status Classification:
509(a)(1)

Advance Ruling Period Begins:
December 31, 1991

Advance Ruling Period Ends:
June 30, 1996

Addendum Applies:
Yes

Dear Applicant:

Based on information you supplied, and assuming your operations will be as stated in your application for recognition of exemption, we have determined you are exempt from federal income tax under section 501(a) of the Internal Revenue Code as an organization described in section 501(c)(3).

Because you are a newly created organization, we are not now making a final determination of your foundation status under section 509(a) of the Code. However, we have determined that you can reasonably expect to be a publicly supported organization described in sections 509(a)(1) and 170(b)(1)(A)(vi).

Accordingly, during an advance ruling period you will be treated as a publicly supported organization, and not as a private foundation. This advance ruling period begins and ends on the dates shown above.

Within 90 days after the end of your advance ruling period, you must send us the information needed to determine whether you have met the requirements of the applicable support test during the advance ruling period. If you establish that you have been a publicly supported organization, we will classify you as a section 509(a)(1) or 509(a)(2) organization as long as you continue to meet the requirements of the applicable support test. If you do not meet the public support requirements during the advance ruling period, we will classify you as a private foundation for future periods. Also, if we classify you as a private foundation, we will treat you as a private foundation from your beginning date for purposes of section 507(d) and 4940.

Grantors and contributors may rely on our determination that you are not a private foundation until 90 days after the end of your advance ruling period. If you send us the required information within the 90 days, grantors and contributors may continue to rely on the advance determination until we make a final determination of your foundation status.

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If we publish a notice in the Internal Revenue Bulletin stating that we will no longer treat you as a publicly supported organization, grantors and contributors may not rely on this determination after the date we publish the notice. In addition, if you lose your status as a publicly supported organization, and a grantor or contributor was responsible for, or was aware of, the act or failure to act, that resulted in your loss of such status, that person may not rely on this determination from the date of the act or failure to act. Also, if a grantor or contributor learned that we had given notice that you would be removed from classification as a publicly supported organization, then that person may not rely on this determination as of the date he or she acquired such knowledge.

If you change your sources of support, your purposes, character, or method of operation, please let us know so we can consider the effect of the change on your exempt status and foundation status. If you amend your organizational document or bylaws, please send us a copy of the amended document or bylaws. Also, let us know all changes in your name or address.

As of January 1, 1984, you are liable for social securities taxes under the Federal Insurance Contributions Act on amounts of \$100 or more you pay to each of your employees during a calendar year. You are not liable for the tax imposed under the Federal Unemployment Tax Act (FUTA).

Organizations that are not private foundations are not subject to the private foundation excise taxes under Chapter 42 of the Internal Revenue Code. However, you are not automatically exempt from other federal excise taxes. If you have any questions about excise, employment, or other federal taxes, please let us know.

Donors may deduct contributions to you as provided in section 170 of the Internal Revenue Code. Bequests, legacies, devises, transfers, or gifts to you or for your use are deductible for Federal estate and gift tax purposes if they meet the applicable provisions of sections 2055, 2106, and 2522 of the Code.

Donors may deduct contributions to you only to the extent that their contributions are gifts, with no consideration received. Ticket purchases and similar payments in conjunction with fundraising events may not necessarily qualify as deductible contributions, depending on the circumstances. Revenue Ruling 67-246, published in Cumulative Bulletin 1967-2, on page 104, gives guidelines regarding when taxpayers may deduct payments for admission to, or other participation in, fundraising activities for charity.

You are not required to file Form 990, Return of Organization Exempt From Income Tax, if your gross receipts each year are normally \$25,000 or less. If you receive a Form 990 package in the mail, simply attach the label provided, check the box in the heading to indicate that your annual gross receipts are normally \$25,000 or less, and sign the return.

If you are required to file a return you must file it by the 15th day of

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the fifth month after the end of your annual accounting period. We charge a penalty of \$10 a day when a return is filed late, unless there is reasonable cause for the delay. However, the maximum penalty we charge cannot exceed \$5,000 or 5 percent of your gross receipts for the year, whichever is less. We may also charge this penalty if a return is not complete. So, please be sure your return is complete before you file it.

You are not required to file federal income tax returns unless you are subject to the tax on unrelated business income under section 511 of the Code. If you are subject to this tax, you must file an income tax return on Form 990-T, Exempt Organization Business Income Tax Return. In this letter we are not determining whether any of your present or proposed activities are unrelated trade or business as defined in section 513 of the Code.

You need an employer identification number even if you have no employees. If an employer identification number was not entered on your application, we will assign a number to you and advise you of it. Please use that number on all returns you file and in all correspondence with the Internal Revenue Service.

This determination is based on evidence that your funds are dedicated to the purposes listed in section 501(c)(3) of the Code. To assure your continued exemption, you should keep records to show that funds are spent only for those purposes. If you distribute funds to other organizations, your records should show whether they are exempt under section 501(c)(3). In cases where the recipient organization is not exempt under section 501(c)(3), you must have evidence that the funds will remain dedicated to the required purposes and that the recipient will use the funds for those purposes.

If we said in the heading of this letter that an addendum applies, the addendum enclosed is an integral part of this letter.

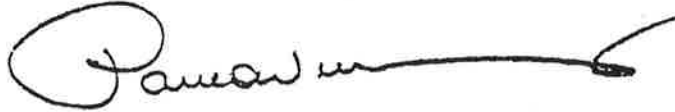
Because this letter could help us resolve any questions about your exempt status and foundation status, you should keep it in your permanent records.

We have sent a copy of this letter to your representative as indicated in your power of attorney.

ASHEVILLE AREA CHAMBER OF COMMERCE

If you have any questions, please contact the person whose name and telephone number are shown in the heading of this letter.

Sincerely yours,

A handwritten signature in black ink, appearing to read "Paul Williams", with a long horizontal flourish extending to the right.

Paul Williams
District Director

Enclosure(s):
Addendum
Form 872-C

Coronavirus State and Local Fiscal Recovery Funds Proposed Project Budget

Organization Name:	Venture Asheville
Project Name:	Impact Microgrant Fun
Amount Requested:	62,700

Proposed Project Revenue Funder	Amount	Confirmed or Pending?	Notes
Proposed Buncombe COVID Recovery Funds	\$ 62,700.00	Pending	
Venture Asheville Budget	\$ 17,300.00	Confirmed	
List other sources here			
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Total	\$ 80,000.00		

Proposed Project Expenses	Proposed Recovery Funds	Other Funds	Total	Capital or Operating Expense?	Notes
2022 Microgrants	\$ 25,000.00	\$ -	\$ 25,000.00	Capital	5 per cycle
2023 Microgrants	\$ 25,000.00	\$ -	\$ 25,000.00	Capital	5 per cycle
Mentor Training	\$ 3,500.00	\$ 6,500.00	\$ 10,000.00	Capital	MIT Training, with Elevate Mentors
Marketing, Operations, Staff Support	\$ 2,000.00	\$ 8,000.00	\$ 10,000.00	Operating	Events, Promotion, Advertising, Travel expenses
Incubation Space	\$ 7,200.00	\$ 2,800.00	\$ 10,000.00	Capital	Coworking Space at Hatch Hub (each company for 6 months)
List expenses here			\$ -		
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Total			\$ 80,000.00		