

CONTESTANT CAPACITY: CleanTurn Enterprises and Finance Fund Capital Corporation**ORGANIZATIONAL BACKGROUND:**

According to studies conducted by the Correctional Institution Inspection Committee and the Council of State Governments Justice Center, Ohio incarcerates over 50,000 individuals each year in its state prison system, not including local county jails. Fifty percent of those who are not employed within the first six months of release return to prison. In late 2011, a handful of investors from the Franklin County Reentry Coalition, an organization committed to bridging the lack of supportive services available to reentering ex-offenders, pulled together a small fund to create a new social enterprise, CleanTurn Enterprises (CTE). CTE's mission is to strengthen communities by empowering a workforce and creating profitable social enterprises that hire and train recently incarcerated individuals. The businesses created by CTE are well-positioned to leverage existing market demand for specific services to generate revenue that is reinvested into technical services provided to individuals that need it most. In its first five years, CTE has launched two enterprises, CleanTurn Demolition Services and She Has A Name Cleaning Services, provided training to over 1,000 formerly incarcerated individuals, and employed nearly 500 recently incarcerated men and women. Funding under this opportunity will allow CTE to expand its educational offering to 500 individuals. CTE is headquartered in Columbus, Ohio, and works throughout the state prison system and local jails to provide life skills and entrepreneurial training for current and formerly incarcerated individuals. CTE strives to create a nurturing community that fosters a lifestyle characterized by resilience, integrity and healthy decisions that prevent recidivism. CTE participants learn life skills necessary for any job as well as formal structured coursework like how to run a business and financial literacy training.

For the Aspire Challenge opportunity, CTE will partner with Finance Fund Capital Corporation (FCAP) to provide access to capital to recently incarcerated individuals. CTE will provide the entrepreneurial education, and FCAP will provide the access to capital to potential borrowers who complete the education program offered. FCAP is a nonprofit certified Community Development Financial Institution (CDFI), a specialized financial institution that works in economically distressed target market niches underserved by traditional financial institutions. Over the past 15 years, FCAP has primarily focused on small and micro business lending in low-income communities and provides flexible financing, underwriting, and high-risk capital specific to its customer's needs. Valerie Heiby, Director of Development for FCAP, will serve as the contact for this application and can be reached at (614) 568-5055 or vheiby@financefund.org.

BACKGROUND OF MANAGEMENT TEAM:

The management team for this project will be made up of key CTE and FCAP staff: CTE President & CEO John Rush is a social entrepreneur focused on building businesses that employ men and women impacted by substance abuse, incarceration, and human trafficking. John Rush has been working with "returning citizens" for nearly twenty years and has been instrumental in launching, managing, and consulting with several start-ups that train and employ returning citizens. CTE Director of Finance and Administration Jimmy Schoenfeld is responsible for organizational financial and administrative tasks and delivers financial literacy training. FCAP President & CEO Diana Turoff administers all aspects of FCAP's operational and organizational structure and is integral in decision-making regarding the deployment of capital. Diana has 20 years of experience consulting and managing financial organizations and leads FCAP's new initiatives. FCAP Director of Development Valerie Heiby conducts fundraising and facilitates investor relationships key to leveraging capital. Her 21 years of experience includes raising \$450MM. FCAP Lending Officer Omar Elhagmusa builds and maintains relationships with banks, economic development companies, and small businesses to locate eligible projects and partnering opportunities. He has nearly 6 years of lending experience and is responsible for deploying funds statewide.

ENTREPRENEURIAL EDUCATION DELIVERY SOLUTION: CleanTurn Enterprises

PARTICIPANT RECRUITMENT PLAN:

CleanTurn Enterprises (CTE) will be responsible for administering the entrepreneurial education program. CTE has a strategic participant recruitment process to vet individuals for both entrepreneurial training and employment. The process individuals follow begins with initial sourcing directly from the community or referrals from a CTE staff member, the Department of Corrections, or contacts from one of CTE's 50+ nonprofit partners in Central Ohio. CTE receives approximately 100 referrals per month. Next, around 60 individuals are invited to participate in a group interview conducted by CTE twice a month to assess each individual's interpersonal skills based on their overall demeanor and interactions with coaches and peers. The group interview also includes a personality test and soft skills training on subjects such as personal presentation and forming a career-oriented mindset. At the end of the initial group interview, participants will complete an application for evaluation by CTE staff. This application assesses each individual's program fit based on factors such as motivation, a willingness to learn, and engagement. Applicants who are successful in the initial group interview and application screening move on to a second interview. The second interview is a one-on-one meeting with a select CTE staff member who will then decide whether or not the participant has the energy, perseverance, willingness to learn, and enough entrepreneurial potential to complete the full advanced training/employment portion of the program.

CLASSROOM INSTRUCTION:

CleanTurn Enterprises (CTE) has developed an intensive entrepreneurial education curriculum that provides life skills training in select prisons coupled with group interview sessions designed to guide individuals to explore their own personal entrepreneurial interests and visions. These sessions allow entrepreneurs and staff to identify which services participants most need based on their current circumstances, training, and experience. CTE will arrange for three cohorts to meet on a monthly basis for six months. Two of these cohorts, one male and the other female, will take place at one of the state prisons. The third cohort will meet at CTE's central office. In partnership with Finance Fund Capital Corporation (FCAP) and the Small Business Administration (SBA), CTE will provide access to online materials; however, because inmates do not have access to the internet, CTE will make prepare binders including all of the necessary materials available to currently incarcerated individuals. For example, FCAP offers an online Small Business Resource Center (SBRC) with financial technical assistance for potential and existing borrowers. Topics include Business Planning, Financing Your Business, and Marketing and Sales Planning. A primary focus of CTE is ensuring individuals do not enter the entrepreneurial space who are not equipped to do so by establishing high expectations and delivering a challenging curriculum.

After several groups of individuals complete their second interview, CTE will provide Entrepreneurship 101 training to at least 500 inmates. This training will model the task and challenge of being an entrepreneur by teaching participants what is required of an entrepreneur, essential characteristics of an entrepreneur, and the basics of a business plan, including strategy, marketing, financial planning, human resources, leadership and management, etc. After cohort members complete the Entrepreneurship 101 course, they are eligible to participate in a second course titled Entrepreneurship 201 that further elaborates on leadership skills and the business planning process. At least 50 of the participants who complete this training will qualify for participation in a second cohort and/or more advanced training. For the final round of advanced training and employment preparation, individuals will participate in a 10 week business planning program. This program will provide a step-by-step, in-depth review of all aspects of the business planning process. CTE will transform the coursework through a Business Plan Pitch application that participants will submit to the CTE team. At least 10 participants will finalize a complete business plan to present at a business pitch event hosted by CTE with the potential for funding or employment by CTE or their partners. Overall, the entire recruitment and classroom instruction process will be carried out within a year long timeframe.

MENTORING:

CleanTurn Enterprises will provide individualized support to participants developing entrepreneurial skills and strategies through classroom activities, personal mentorships, and the provision of supplemental resources. Beyond personally delivering the curriculum, President & CEO John Rush holds regular office hours and offers additional one-on-one training to aspiring entrepreneurs. CTE staff has direct exposure to participants through group interviews and is able to closely track and monitor individual development. CTE and FCAP clients vary widely in their financial acumen and ability to use the financial tools necessary to evaluate and establish their business. Therefore, FCAP maintains an active, ongoing range of technical assistance services that can be applied in varying degrees depending on clients' needs. Outside of the classroom, CTE has an extensive network of community partnerships that contribute both in and out of the classroom. For example, Increase CDC and Nothing Into Something Real Estate, Inc. (NISRE) have offered in-class consultation on financial literacy and business planning. By expanding their network and interacting directly with staff and guest facilitators, participants are exposed to a range of unique opportunities and advice from successful professionals of diverse backgrounds.

COMMUNITY CONNECTIONS:

CleanTurn Enterprises will use their network of community partnerships to create opportunities for participants to connect with the local business community and social service providers to increase financial literacy, access to transitional services, and other supportive services. Columbus is recognized as a "start-up" city with innovative and creative programs such as the annual Startup Week, a five day event geared towards supporting Central Ohio entrepreneurs, and GiveBackHack, a weekend event for entrepreneurs to come together, launch new ideas, and foster sustainable solutions. CTE builds on this network of organizations and programs by ensuring the population of current and formerly incarcerated individuals are aware of events and have access to opportunities that interest them. Furthermore, CTE is already deeply integrated into the broader business, nonprofit, and public sectors with partners such as Franklin Development Corporation, Idea Foundry, Lower Lights Christian Health Center, and Gladden Community House, among others. CTE's network of supportive services further extends to assistance with housing, childcare, transportation and mental health services. To supplement their partnerships, CTE pursues aggressive social media and marketing tactics to ensure they reach a broad audience. To solidify their presence in the community, CTE hosts an annual event with local public, private, and nonprofit organizations to generate awareness on ways organizations can better include recently released citizens into their business models, develop new connections, and recognize impactful partners.

ACCESS TO CAPITAL: Finance Fund Capital Corporation**ACCESS TO MICRO-LENDING:**

Provided that CTE and FCAP are successful through The Aspire Challenge, the \$75,000 award will be distributed among both partners at an 80/20 split between CTE and FCAP, respectively. CTE will use \$60,000 of the potential funding to execute their entrepreneurial education solution that recruits recently incarcerated individuals and provides classroom instruction, mentorship, and community connections to program participants. FCAP will use the remaining \$15,000 to leverage additional funding at a target leverage ratio of 3 to 1 and administer 3-5 loans up to \$10,000 to CTE entrepreneurs who have completed the education program.

FCAP has 15 years of experience investing and leveraging capital to small businesses and will provide the capital necessary to overcome barriers CTE entrepreneurs face while opening and growing a new business. The funding provided by this award will allow FCAP to leverage capital, keep interest rates low, and reduce the risk of the borrower. FCAP anticipates that the SBA funding through this challenge will be leveraged at the upper tier level and have the ability to be fully matched with additional funding from FCAP's current programs or other partner lenders if necessary. Furthermore, FCAP will work closely with CTE to secure additional funding from other microlenders in the Central Ohio area such as the local Kiva initiative supported by the City of Columbus or local SBA Microloan Intermediaries actively promoting entrepreneurship in Central Ohio. Successful business launches through the CTE entrepreneurial program also have the potential to receive capital in the form of an equity investment from CTE.

FCAP made its first loan in 2006 and has leveraged \$74.5MM on an investment of \$27.5MM to 56 borrowers. FCAP has financed 148 housing units, created 658,251 sq. ft. of commercial space and helped provide services to 9,653 patients. In addition, partnerships have helped create and/or retain 2,536 direct jobs.

CONNECTION TO CAPITAL AND FUNDING OPPORTUNITIES:

In addition to providing direct capital, FCAP will partner with CTE to offer assistance preparing borrowers to meet additional capital providers and coaching on how to implement proper documentation procedures. FCAP and CTE will work closely together to pre-qualify select applicants using FCAP's current application process. Once CTE has assisted each entrepreneur with forming their own business plan, FCAP will then help potential borrowers translate this business plan into a complete application for funding based on CTE's recommendation. This will give borrowers an opportunity to walk through the process of applying for funding within FCAP and other funders. FCAP has an existing set of loan applications and other resources available to borrowers to fill out and track their borrowing activities for reporting and documentation purposes. FCAP also has their own legal counsel so that no legal fees are passed on to borrowers for this particular program. Participants will also have the opportunity to apply for a business competition pitch event hosted by CTE where the best ideas will qualify to receive additional access to funding from several aforementioned sources, including FCAP, SBA, CTE, Kiva, and other microlenders. To supplement this, FCAP has formed extensive partnerships with private and public local lenders as well as other key community stakeholders able to support emerging entrepreneurs through matchmaking events and in-house recommendations.