



GRANT-FUNDED AFFINITY AGREEMENT

This Agreement is between Innovative Capital Strategies, Inc. (ICS) and the _____ (Affinity Partner) effective ____/1/2020 and continuing for one year with autorenewals. Either party may terminate this Agreement by notifying the other party with thirty (30) days' notice.

PURPOSE

The purpose of this Agreement is to establish an Affinity Program between ICS and Affinity Partner to assist Affinity Partner's membership in accessing capital through a two-prong offering:

1. As a new member benefit, at no cost to Affinity Partner nor its members, ICS will conduct a complimentary Capital Acquisition Plan (CAP) for each small business. This \$500 value is instrumental for every small business' short- and long-term capital raise by evaluating the needs, wants, preferences, and mitigating circumstances and creating a plan to get "from here to there" for short- and long-term capital needs.
2. Access to the ICS Capital Ready Package designed to assist any business in at least a \$100,000 capital raise incorporating capital from a variety of sources including business credit (EIN-only with no use of personal credit), SBA loans, lines of credit, Unsecured Business Financing, etc. Specifically, the Capital Ready Package is a transparent and proven ten step process to position any business in accessing capital

BACKGROUND

Innovative Capital Strategies, Inc. (ICS) is a Texas-based "C" corporation started by current and former SBDC Advisors, SCORE mentors, and business bankers, an accredited member of the Better Business Bureau, and an active member of our local Chamber of Commerce that administers a grant-subsidized program from a 501(c)(3) non-profit to assist pre-launch and start-up businesses qualify for and access business credit and loans to start and grow businesses. While we can assist any business, our focus is on those who have the least resources and access to capital.

Through our affiliation with the 501(c)(3) that is a member of the Money Smart for Small Business Alliance formed by the Federal Deposit Insurance Corporation (FDIC) and promoted by the SBA, ICS regularly educates small businesses using the award-winning curriculum addressing a variety of topics including how to access capital. We can schedule a variety of free, one-hour educational topics for your members including our very popular "Access To Capital" course.

All participants in our innovative and proprietary Capital Ready Package are guaranteed at least \$100,000 in funding and we will continue to assist them until the goal is reached. The length of time to access funding is based upon the client, not us, based upon their starting point, selected type(s) of capital, and their compliance with the process. However, our goal is to get them their first injection of capital within the first thirty (30) days of participation.

Additionally, our approach to capital raising offers looser underwriting for business loans than typically available:

- Personal credit scores <500;
- No established credit history required;
- No minimum revolving credit availability required;
- Write-offs acceptable in many cases;
- Bankruptcy acceptable in many cases;
- Repossessions and foreclosures acceptable in many cases; and
- Existing DTI of up to 55%.

Innovative Capital Strategies, Inc.
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CAPITAL ACQUISITION PLAN OVERVIEW

There are two key obstacles preventing most pre-launch and start-up businesses from accessing capital for their endeavor:

1. Often, they don't know what the right type of capital is for their mitigating circumstances. Additionally, they may have an unrealistic expectation that all the capital needed will come in one tranche versus building up to the full capital raise. Please refer to our Four Tranche Model of Capital Raising for more details.
2. They often don't understand nor meet the underwriting criteria required for approval.

Under this Affinity Proposal, we will assist all of your members in having a Capital Acquisition Plan (CAP) that takes in consideration where they are now, where they want to get to, and a plan for raising the capital to get from "here to there" tailored to their mitigating circumstances.

BUSINESS CREDIT BUILDING OVERVIEW

Building a business takes capital. In most cases, the more money you have access to the faster you grow. Most business owners use their own personal credit to fund their businesses or they drain their personal savings and borrow money from family and friends. Worse yet, some small business owners do not even have the personal credit worthiness or other sources of capital to effectively start or grow a business.

One source of capital through our Capital Ready Package is helping your members build credit for their EIN that's not linked to their personal social security number. This credit doesn't require cash flow, collateral, or good personal credit to qualify. Thus, they can get approved even as a startup business and regardless of their personal credit quality.

With business credit, your members can:

- Obtain vendor credit immediately and high limit store credit cards shortly after;
- Get access to fleet credit, cash credit cards, and auto vehicle financing;
- Get access to credit with no personal credit check or guarantee;
- Obtain credit that reports to the business reporting agencies and not on personal credit reports;
- Eliminate personal liability on the business accounts obtained; and
- Get approved even as a startup with no collateral or cash flow requirements.

Under this proposal, we will assist all of your members enrolled in the Capital Ready Package with the following:

- Set their business up credibly to meet credit issuer and lender approval criteria;
- Optimize their business credit profiles with Dun & Bradstreet and Experian Business without incurring the normal costs (\$1,000+) charged by them;
- Get access to vendors who will extend credit and reports to the business reporting agencies even if they have no credit reported now;
- Get HIGH limit, revolving store credit cards in the business' name; and
- Get access to fleet credit, cash credit cards like MasterCard and Visa, and auto vehicle financing without a personal credit check or personal guarantee.

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CAPITAL READY PACKAGE

Most entrepreneurs do not qualify for bank and SBA business financing as they are not properly prepared to meet the underwriting requirements. Furthermore, few small business owners understand the proven process of accessing capital under their EIN without the use of their personal credit, commonly referred to as "business credit".

This grant-subsidized curriculum guarantees a minimum of a \$100,000 capital raise for each participant through access to business credit, SBA loans, and/or many other sources of debt- or equity-based capital. Developed with the input from business bankers, SBA lenders, SBDC advisors, SCORE mentors, and others, it provides a core foundation required to access capital for pre-launch, start-up, and existing businesses. Many refer to this as the most valuable "Business Financial Literacy" available that is needed by every small business owner.

The structure is simple. Small businesses enroll in the Capital Ready Package and are assisted with completing a ten step process (please view a brief YouTube for a deeper understanding of the ten steps: <https://youtu.be/HA9A87FdHZc>) to build their loan package and to identify the right sources of capital for their mitigating circumstances. In most cases, we'll help clients obtain interim financing in their first thirty days of participation even while progressing through the ten steps.

Participants have a three-part fee structure for participation in the Capital Ready Package:

1. A \$300 processing fee. ICS doesn't profit from this as it merely covers the cost of on-boarding the client, obtaining their business credit reports, and the \$100 payout to you—the Affinity Partner.
2. As there is significant time and effort involved in developing the loan package, a refundable \$2,500 refundable deposit is collected AFTER the client has received their first round of funding (no advance fee). As long as they complete the curriculum and program, it is 100% refunded. Thus, they are receiving a \$5,000 value for loan packaging and technical assistance for free. \$250 of this is paid to you—the Affinity Partner.
3. A 9.5% Performance Fee. This is set on all types of capital raised during the process and 1% is paid to you, the Affinity Partner, after ICS receives from capital raised.

Affinity Partner acknowledges that the packaging, processes, and materials associated with this Agreement and services performed therefrom are proprietary to ICS and will not compete, directly or indirectly, with ICS' Capital Ready Package during the term of this Agreement and one year thereafter.

BENEFITS TO YOUR ORGANIZATION AS THE "HOST" OF THE AFFINITY PROGRAM

- Creates tremendous value to your members as we will provide a free Capital Acquisition Plan for your entire membership. This new member benefit can assist in membership recruitment and retention as this grant-funded proposition is not available to the general public and has a value of \$500 per member.
- Addresses a key issue of entrepreneurs—access to capital—in a proven, legitimate, and predictable methodology that is poorly understood and underutilized.
- Great opportunity to contribute to the economic development of your community as access to capital fuels new business start-ups, job creation, etc.
- Easy to work together. Just help us to get the word out.
- Great PR for your organization creating increased awareness in your community.
- No cost to collaborate.
- Outstanding outcomes reporting to measure program success across a number of key metrics.
- Additional revenue stream to your organization through our revenue share platform (see details below).

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EASY IMPLEMENTATION

- Affinity Partners have a dedicated and assigned Account Manager to assist in the planning and implementation of the initiative.
- Once your organization has decided to collaborate, we will want to create awareness with your membership of this valuable new member benefit. We can assist with the development of a press release, flyer template, on-demand introductory webinar, etc.
- Additionally, we'll personally reach out to each of your members to answer questions and offer to on-board them.
- Typically, we'll set up an Access To Capital class, in-person and/or on-line, within the first thirty (30) days which serves to both announce the new relationship and to provide crucial education to your membership. We may elect to repeat this valuable content on a quarterly or monthly basis.

REVENUE SHARE OPPORTUNITIES WITH EXCELLENT TRACKING

Affinity Partner will be provided a dedicated landing page, similar to <https://innovativecapitalstrategies.com>, where your membership will be directed to enroll. You'll be provided a log-in to our back-office portal so you can track conversions and commissions generated. We will pay your Affinity payouts weekly.

Affinity Partners receive multiple streams of direct income (in addition to indirect such as having a new member benefit to attract and retain members) as follows:

1. \$100 from each member conversion into the Capital Ready Program
2. \$250 as each member submits their refundable deposit
3. 1% of the capital raise (paid out once received by ICS)

Thus, Affinity Partners can anticipate at least \$1,350 per conversion. Affinity income projections*:

- One conversion per week - \$70,200 in a new income stream annually
- Two conversions per week - \$140,400 annually
- One conversion per day - \$492,750 annually

How would an extra \$100,000 to \$500,000 annually help your organization?

*While the focus is on helping small businesses overcome a key issue, access to capital, the Affinity relationship can also strengthen the Affinity partner's ability to fulfill their Mission and reach their potential.

While the Capital Ready Package is NOT a network marketing nor a MLM offering, we do offer lucrative override commissions. Therefore, if your organization introduced us to another that also became an Affinity Partner, yours would earn override income from theirs generating a predicted \$1,000+ from each of their conversions.

Please consider watching this brief YouTube webinar that describes the ICS Affinity Program: <https://www.youtube.com/watch?v=1lI9jRDfgeY&feature=youtu.be>

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By signing below both parties agree to the above.

Signature of ICS representative: _____

Date Signed: _____

BCLI representative name: Thomas Montgomery

BCLI representative title: Co-Founder

Address: 101 East Broad Street, Suite 200, Tyler, TX 75773

Phone: 903-920-0777

Email: info@innovativecapitalstrategies.com

Signature of Affinity Partner representative: _____

Date Signed: _____

Affinity Partner representative name: _____

Affinity Partner representative title: _____

Address: _____

Phone: _____

Email: _____

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Bio of Thomas J. Montgomery, MHA, MBA

Contact Information:

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Experience:

Thomas Montgomery has a passion for helping entrepreneurs start and grow businesses to create jobs, economic impact, and strengthen communities. As a full-time faculty member at Tyler Junior College (TJC) and as a co-founder of Innovative Capital Strategies, Inc. (ICS), a Tyler, TX-based small business advisory firm, he educates and provides guidance to pre-launch, start-up, and mature businesses nationally.

His course load at TJC includes Small Business Management & Entrepreneurism which is a very practical credit-earning course offered both in-person at TJC's main campus and on-line. Students in this course actually develop a lender-compliant business plan including financial projections, personal financial statement, and uses of funds. Montgomery's students acquire real-world and relevant knowledge needed for a successful business that is typically not taught even in the nation's top MBA programs. He also teaches Financial Literacy and Business Principles at TJC.

Prior to being selected for the full-time faculty position at TJC from over fifty (50) well-qualified applicants, Montgomery has acquired and demonstrated the qualifications to effectively assist and teach small business owners via several noteworthy roles:

- Small Business Advisor at the Tyler Small Business Development Center (SBDC)—a position funded by a grant from the United States Small Business Administration (SBA);
- SCORE Mentor and served as the Workshop Chair for a fourteen county area in North Texas;
- Senior Consultant with Deloitte, a global accounting, actuarial, and consulting firm, out of their Minneapolis, MN office helping business clients with debt- and equity-based capital raises; and
- owner of several small businesses.

In 2016 while serving as an Adjunct faculty member at North Central Texas College, Montgomery and two other educators worked under a grant from the Texas Workforce Commission. The team identified the two primary reasons why small business owners often don't have access to the capital needed to start, grow, and reach their potential:

1. they often don't know what the right type of capital is for their circumstance; and
2. they often don't meet the underwriting criteria to be approved.

After nearly three years of research and development, Montgomery helped develop and perfect a curriculum, referred to as the Four Tranche Model Of Capital Raising, that can help ANY business access at least \$100,000 of capital regardless of personal credit, time in business, or other common barriers. A key element is an emphasis on separating personal and business financial matters and leveraging business credit under the EIN of the business.

Now, in addition to teaching at TJC, Montgomery loves to teach free Access To Capital Workshops in collaboration with Chambers, EDCs, churches, co-working spaces, libraries, and key influencers to assist small businesses obtain the knowledge and capital they need to reach their potential. This year alone, he has been asked to speak to numerous business organizations, associations, and Chambers across the nation including in Fort Lauderdale, FL, New Haven, CT, Newport News, VA, Atlanta, GA, and across Texas.

Education/Licensure/Certification:

- Master of Business Administration (MBA) with an emphasis in Finance, University of Minnesota
- Master of Healthcare Administration (MHA) with an emphasis in Strategic Planning, University of Minnesota
- Bachelor of Business Administration with an emphasis in Accounting
- Licensed as a health and life insurance agent since 1996, Texas Department of Insurance (TDI)
- Certified as a highly qualified teacher in business, Texas Education Association (TEA)