



## Criteria for Making No Small Potatoes Loans

**A. Mission Related Criteria:** The goal of the No Small Potatoes Investment Club is to strengthen Maine's local food economy by making small loans to farms and food businesses to help them thrive. We will favor businesses that:

1. Promote the interconnection and growth of other Maine farms and food businesses (for example, by sourcing from Maine farms or expanding markets by processing or distribution)
2. Enhance sustainable land use practices and food safety
3. Innovate

Operating a successful farm or food business is in and of itself challenging! We will look favorably on businesses that address larger social issues of hunger, paying livable wages (including to the proprietors), and public health.

**B. What We Fund:** We will generally make loans of \$5,000 or less, although we will consider other requests. We are most interested in making loans for equipment or special projects that will help a farm or food business operate more efficiently and/or support growth. We expect that the borrower will clearly show how the equipment or project will affect the borrower's business and whether the project will be successfully completed using the N.S.P. loan by itself or in conjunction with other funding. We will consider working capital loans, especially those that lower costs. We will generally not fund start-up businesses.

**C. Financial Strength of the Candidate:** We are looking for applicants with good business practices and sufficient cash flows to support the loan. Strong applicants will provide the following:

1. A business plan, narrative, or financial information including:
  - a. Sales and profits for the previous year and sales and profit projections for the current year
  - b. Evidence that the business has sufficient cash flow to pay back the loan under the terms we negotiate
  - c. Evidence that the business is growing, has the potential to grow, or is on a path towards profitability
  - d. Info about the market and competition
  - e. Description of what makes the business special
2. Credit references
3. Trade references (suppliers or customers)
4. Financials, including tax returns for prior year, profit and loss statements for the prior year and projections for the current year.
5. Current and past debt history

**D. Character and Standing in Community:** In addition to trade and customer references, MOFGA, Crown of Maine, Slow Money Maine, and other character references will be part of the process and our judgment as to the worthiness of the loan.