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Authoring Organization: Rio Salado College

Written by: Lori Wieters

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Lesson 4: Financing Your Venture

Key Terms and Definitions

Term	Definition
Angel Investors	Investors who provide capital for start-up businesses that will give them personal satisfaction or financial reward
Bank Loan	Money borrowed from a bank based on the borrower's credit rating, history, years in business, type of business, assets, personal background check, and bank statements
Crowd Funding	Money raised by donations for a business from a group of strangers
Government Grants	Funds available from the government to help businesses of all size; This allows the borrower to have the money free of charge as long as the company continues to meet the requirements expressed in the grant agreement.
Lease Financing	When equipment needed for everyday business functions like cars, computers, phones, etc. is obtained through leasing. This way the borrower pays less money up front and has the option to purchase the leased equipment after the lease expires.
Merchant Cash Advance	When a businesses have a minimum of \$5000 monthly credit card sales, the business may qualify for a loan through the credit card processing merchant.
Self-Funding	Using your own funds or assets to start a business
Stocks	When a company sells a portion of ownership or assets to a lender to meet financial needs or to expand
Supplier Credit	Occurs when suppliers act as creditors offering large credit lines and extended repayment terms for borrowers to purchase goods from them for a period of time.
Venture Capitalists	Sophisticated investors whose knowledge, experience, and network of connections can bring millions of dollars into a business



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