

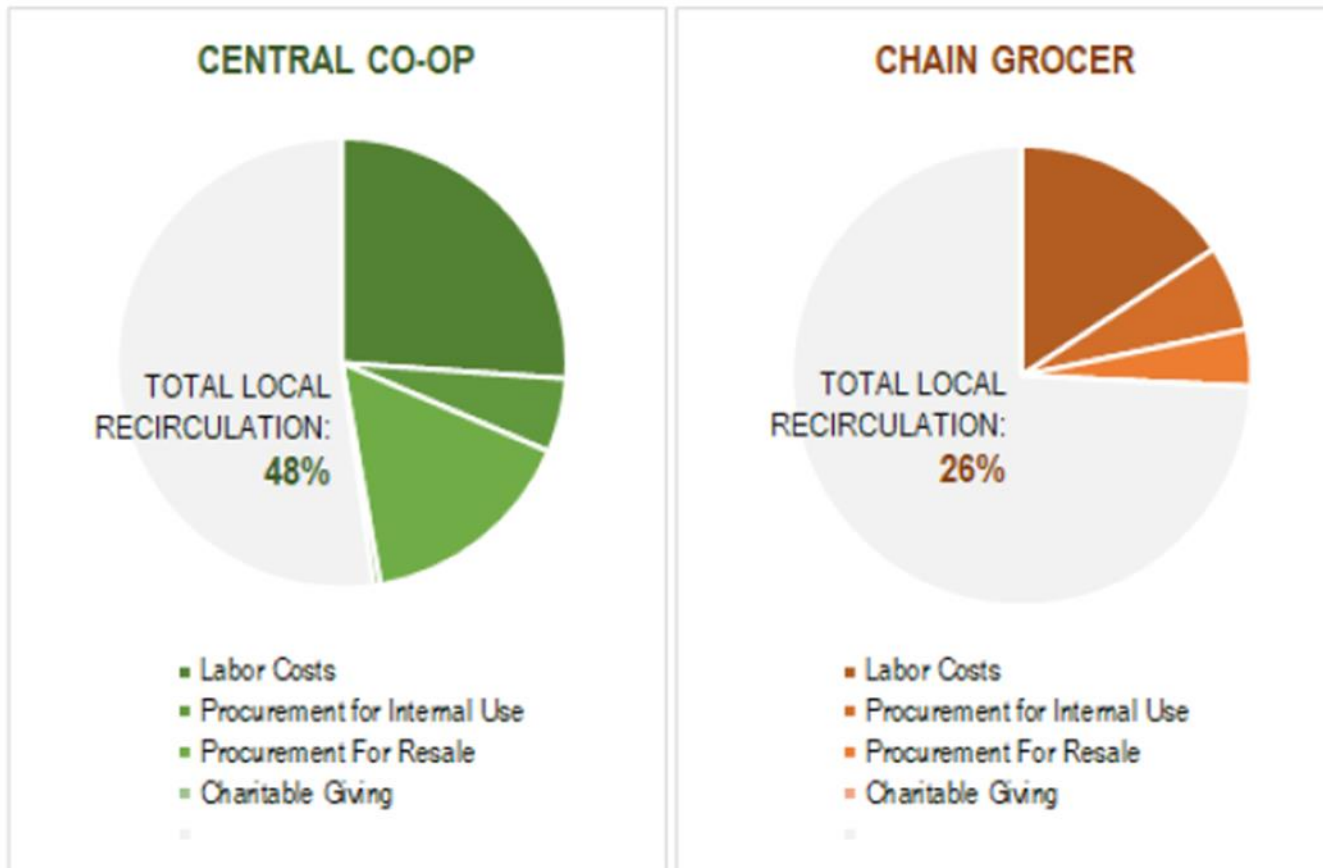
Investment Crowdfunding 101



**New Ways Of
Expanding the
WNY Food System**

Why Local Business Matters

LOCAL RECIRCULATION OF REVENUE TO THE LOCAL ECONOMY, 2017



SOURCES: Central Co-op survey conducted by Civic Economics; Analysis of 2017 Annual Report, major chain grocer

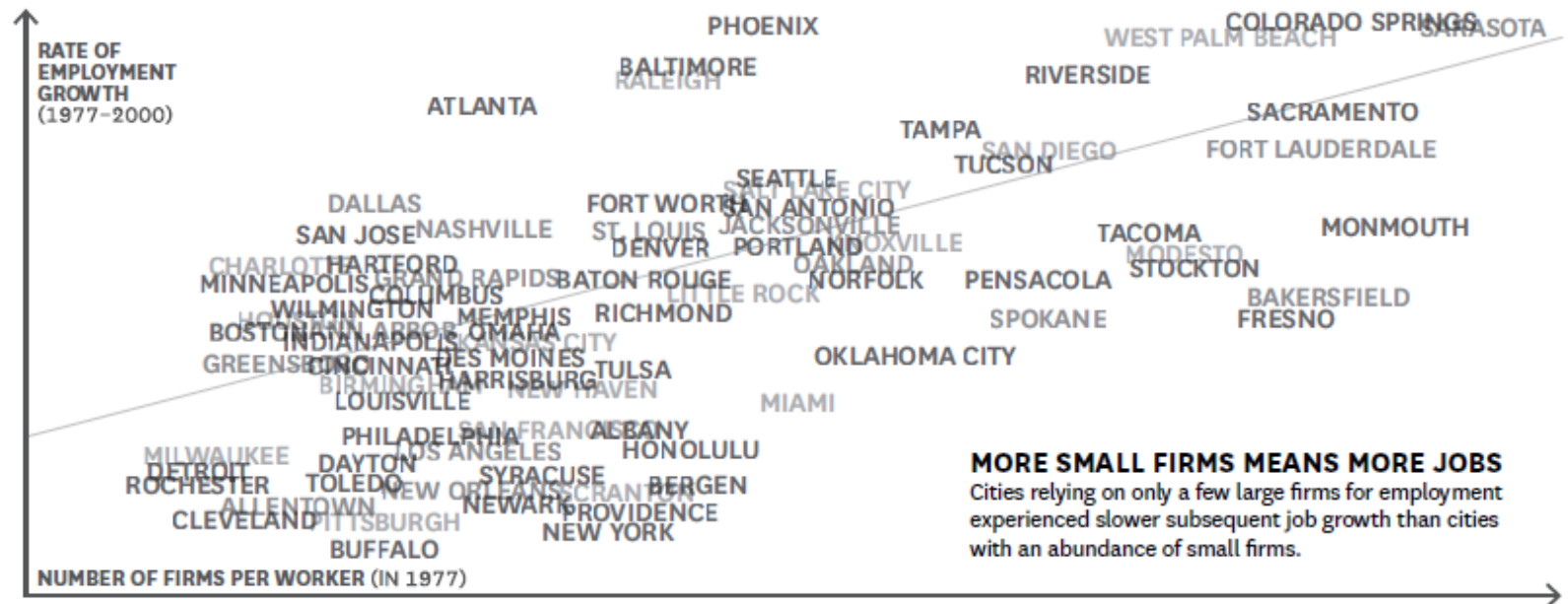
The Jobs Verdict

Study	\$ Circulated Locally: Local vs. Nonlocal Ownership
Austin (2002)	3.5
Maine (2003)	5.0
Chicago (2004)	1.6
Toledo (2004)	4.0
Iowa (2006)	1.6 (Jobs)
San Francisco (2007)	1.4-1.7
Phoenix (2007)	2.9
Grand Rapids (2008)	1.6
New Orleans (2009)	2.0
AVERAGE	2.6

July-August 2010

More Small Firms Means More Jobs

Cities relying on only a few large firms for employment experienced slower subsequent job growth than cities with an abundance of small firms.



Federal Reserve of Atlanta

August 2013



Locally Owned:

**Do Local Business Ownership and Size
Matter for Local Economic Well-being?**

Anil Rupasingha, PhD

Federal Reserve Bank of Atlanta

Community and Economic Development Department

“My results...provide evidence that **local entrepreneurship matters** for local economic performance... I find that the percent of employment provided by resident, or locally-owned, business establishments has a significant **positive effect on county income and employment growth** and a significant and **negative effect on poverty** in the all counties and non-metro counties sampled.”

Fun Facts About Local Business

- Local Share of Private Economy: 60-80%
- Most Profitable Businesses: 10-20 Employees
- Size of Household Financial Assets: >\$70 Trillion
- Percentage of Assets Invested in Local Business: <1%

Current Investment Strategy



The Accredited Investor

- \$200-300k Income
- \$1 Million Wealth
- \$5 Million Institution





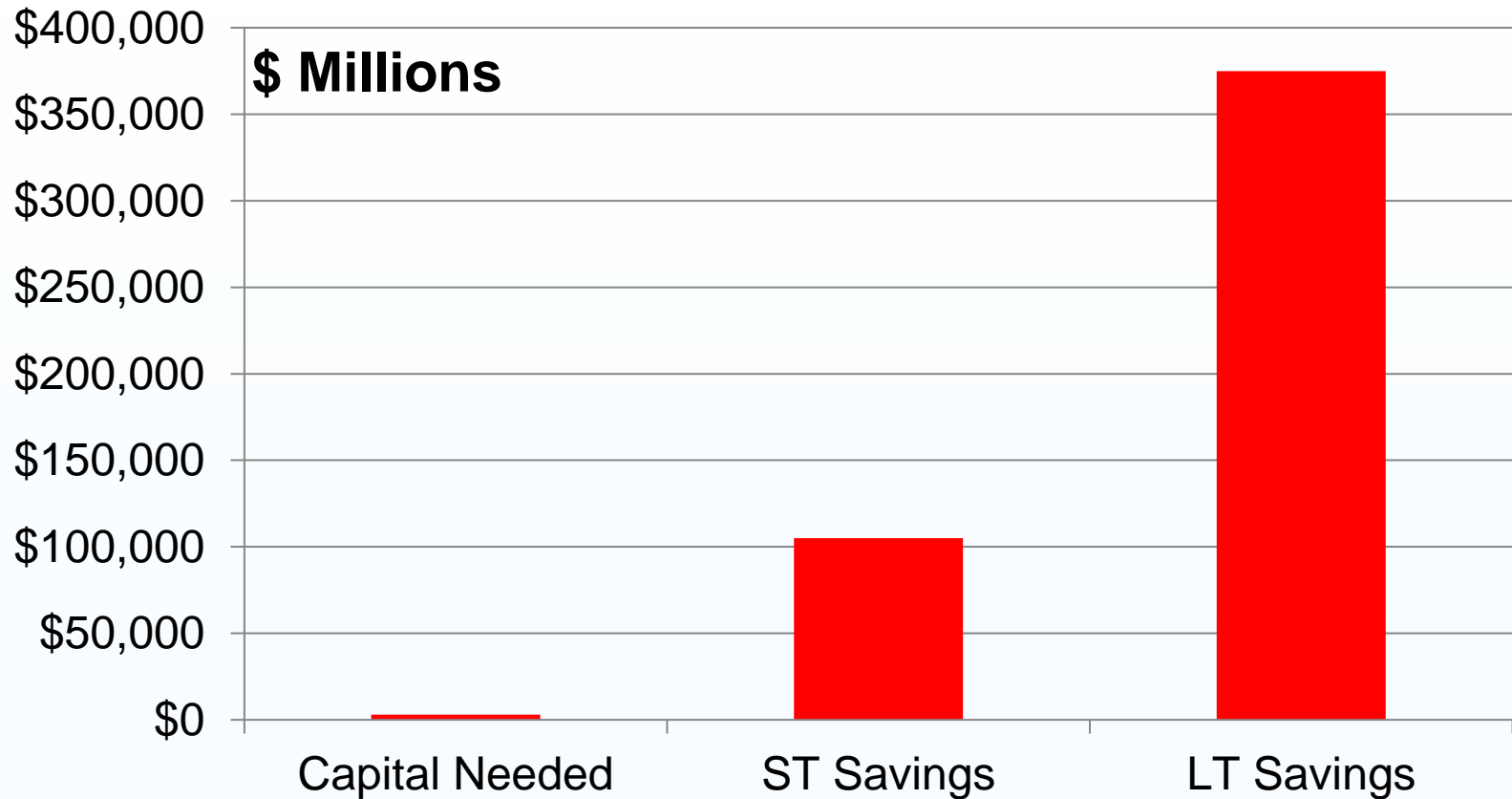
**The Potential Payoff
(\$100,000/capita)**

Impacts of a 25% Food Shift: Metro Cleveland (2010)

- **Jobs = 27,000**
- **Wages = \$868 million**
- **Value Added = \$1.5 billion**
- **Taxes = \$126 million**



Capital Requirements for 25% Shift in Cleveland (\$735M)



Why Food Businesses Matter

- Consumer Entry Point
- Urban Renewal
- Rural Connection



FoodFutureWNY.org

FOOD FUTURE WESTERN NEW YORK

IMPROVING THE REGION'S FOOD SYSTEM

Food Future WNY

WNY Regional Food System Assessment & Planning Initiative

Western NY is home to over 2 million people and hosts a rich and beautiful

What is a Food System?

Mainstream Resources

Mainstream Sources of Capital For Food & Farm Businesses

- Regional
- State
- National
- Banks and Credit Unions
- Revolving Loan Funds
- Investment Funds
- Angel Networks
- Venture Capital Funds
- Incubator Programs
- Business Competitions

Support for Farm and Food Business Entrepreneurship and Business Development

- Courses
- Mentors
- Co-Working Spaces
- Incubators and Accelerators
- Business Competitions
- Partnership Opportunities
- Other Resources

Long Shots

- Angel Clubs
- Venture Investors
- Pension Funds
- Foundations



Plausible Shots

(With A Track Record & Collateral)

- Close Angels
- Banks
- CDFIs



Startup Possibilities

- Community Loan Funds
- Microloan Funds
- State & Local Programs



Grassroots Finance



LOCAL INVESTMENT TOOLS

To facilitate more local investment in the Western New York food system, we are publicizing offerings made by local food and farming businesses. We encourage interested residents in the region to consider investing in these businesses, and interested companies to consider raising capital through these tools. Below we explain briefly each tool.

Bulk Pre-Purchasing Deals – Through the website *Credibles*, you can find businesses that are “preselling” in bulk goods and services. Presales enable established businesses to get more cash on hand that can then be used for modest investment purposes. Participating businesses usually offer discounts to customers who do bulk pre-purchasing. Such deals are rarely considered “securities offerings” and therefore are relatively inexpensive and easy ways to raise capital. If you’re a business interested in learning more about pre-purchasing, *Credibles* provides a good explanation [here](#).

Investment Crowdfunding – Thanks for the JOBS Act of 2012, investment crowdfunding is now legal. Any qualifying company can raise up to \$5 million in a given year, and any investor can put up to \$2,200 per year into such companies (more if you each more than \$107,000 per year). Participating businesses can structure their deals as debt, stock, convertible notes, royalty agreements, and many other types of arrangements. The average successful company raised about \$300,000 now. All deals must be transacted on a federally licensed portal (there are almost 100 today). If you’re interested in learning more about this option, whether as a business or an investor, check out our primer [here](#).

Donation Crowdfunding – Any person can donate any amount to any business it wishes. Often these donation deals are structured with perks, where investors get a T-shirt, samples, or some other token gift. Because donations are not considered “securities,” they are not regulated like investments. There are literally hundreds of web sites promoting donation crowdfunding, though the most common are GoFundMe and Kickstarter. If you run a food



Crowdfunding: >\$1 Billion

er

Projects

About

Learn

Blog

Raise Funds

COMMON OWNER

Your Opportunity to Invest in Businesses & Real Estate Development

START INVESTING

LEARN MORE

Types of Crowdfunding

- Donation
- Interest-Free Lending
- Pre-Purchasing
- Peer-to-Peer
- Investment



Types of Investment

- Debt
- Equity
- Convertible Note
- Royalty
- Future Notes (SAFE)



Bulk Pre-Purchasing Deals



Massachusetts Avenue Project is a non-profit urban farm that brings fresh, healthy, and affordable food right to your community.

To pre-purchase from MAP, [click here](#).



WestSide Tilth is an urban farm in Buffalo, NY. We grow the finest local produce, mushrooms, microgreens, and se artisan pizza, right here on the farm.

To pre-purchase from WestSide Tilth, [click here](#).

Investment Crowdfunding



c**Kubed Root** is a microgreenery and indoor co-farming space, utilizing Hydroponics-as-a-Service.

To invest in Kubed Roots campaign, [click here](#).

Is Your Business Ready?

- Actual Sales?



Is Your Business Ready?

- Actual Sales?
- **Expansion Plan?**



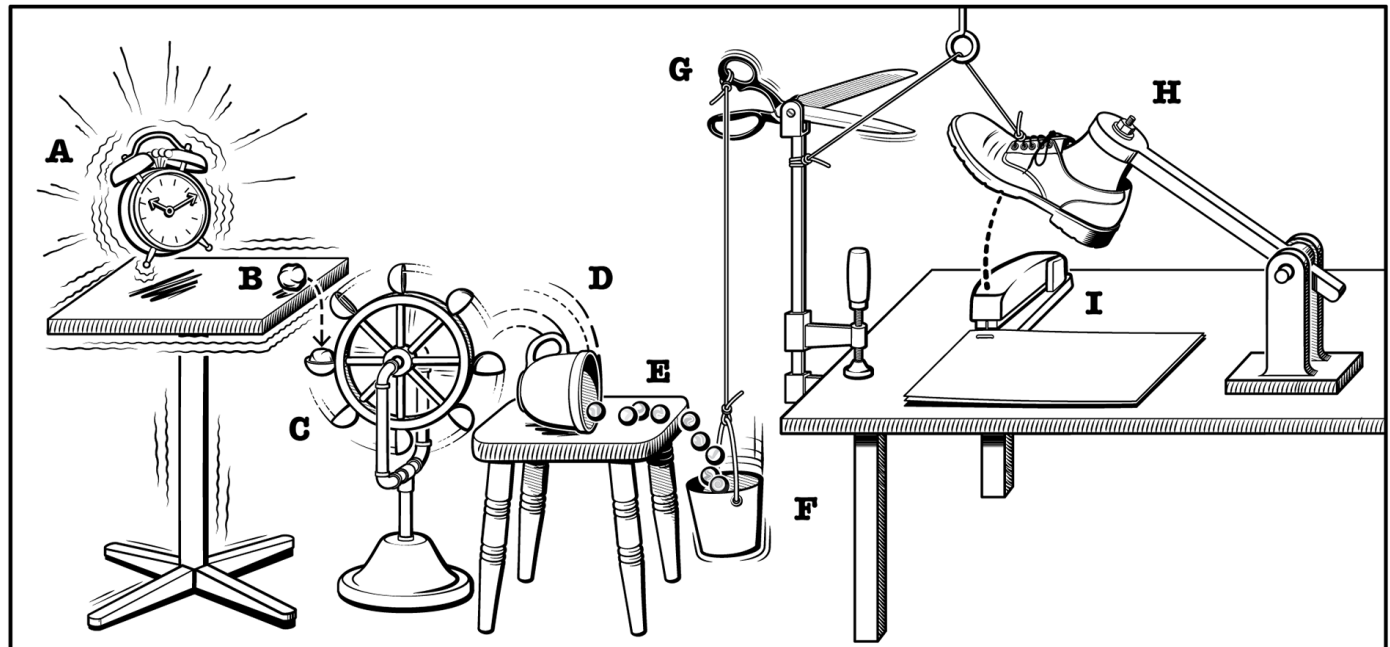
Is Your Business Ready?

- Actual Sales?
- Expansion Plan?
- **Have Investors?**



Is Your Business Ready?

- Actual Sales?
- Expansion Plan?
- Have Investors?
- **Easy to Understand?**



Is Your Business Ready?

- Actual Sales?
- Expansion Plan?
- Have Investors?
- Easy to Understand?
- **Engaged Fans?**



Is Your Business Ready?

- Actual Sales?
- Expansion Plan?
- Have Investors?
- Easy to Understand?
- Engaged Fans?
- **Social Media?**



Is Your Business Ready?

- **Actual Sales?**
- **Expansion Plan?**
- **Have Investors?**
- **Easy to Understand?**
- **Engaged Fans?**
- **Social Media?**
- **Clean Books?**



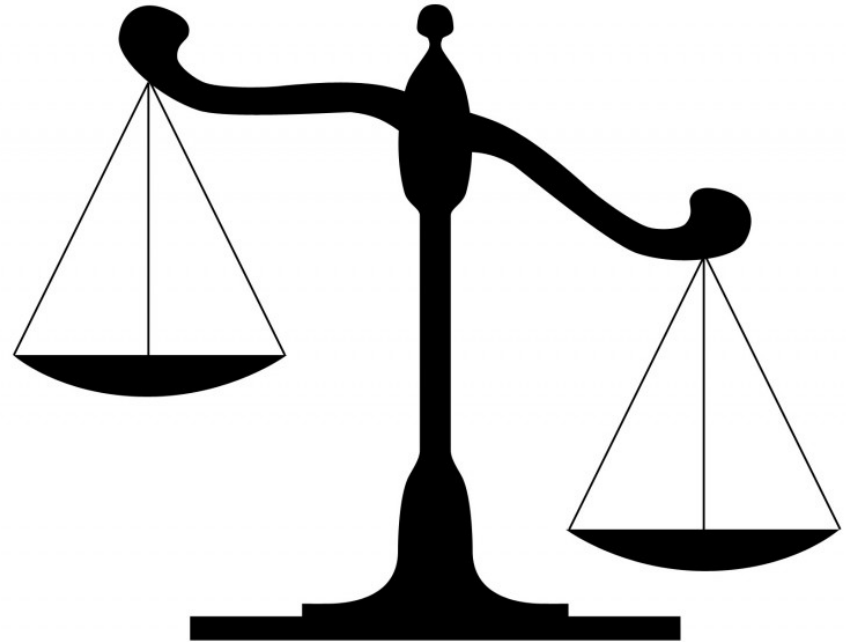
Is Your Business Ready?

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- Expansion Plan?
- Have Investors?
- Easy to Understand?
- Engaged Fans?
- Social Media?
- Clean Books?
- **Vetted People?**



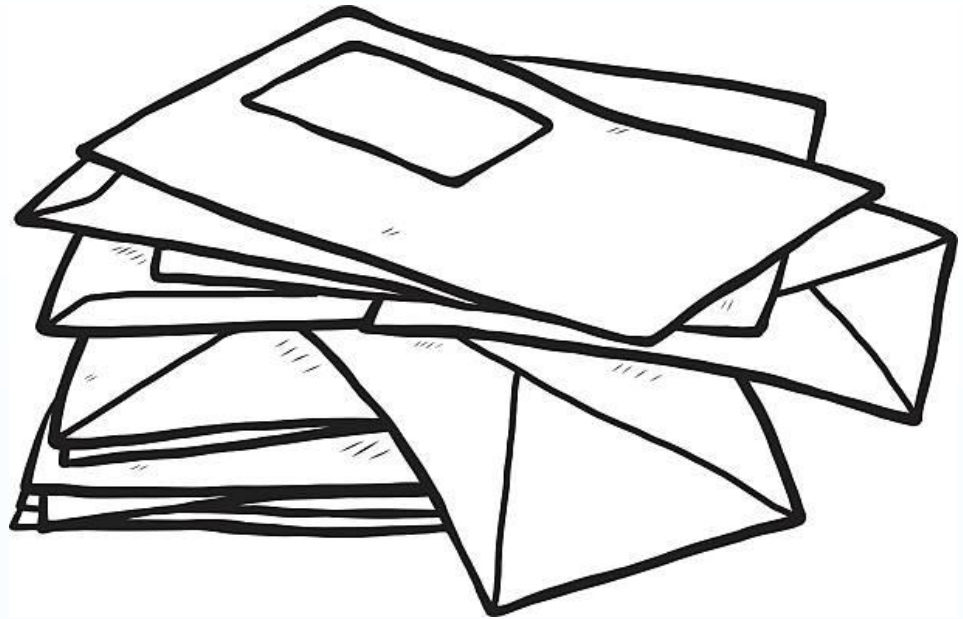
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- Clean Books?
- Vetted People?
- **Cheaper Capital?**



Is Your Business Ready?

- Actual Sales?
- Expansion Plan?
- Have Investors?
- Easy to Understand?
- Engaged Fans?
- Social Media?
- Clean Books?
- Vetted People?
- Cheaper Capital?
- **Reporting Plan?**



Key Cost Items (Before)

- Film
- Contact List
- Accountants
- Setup

WEFUNDER

Explore

Search

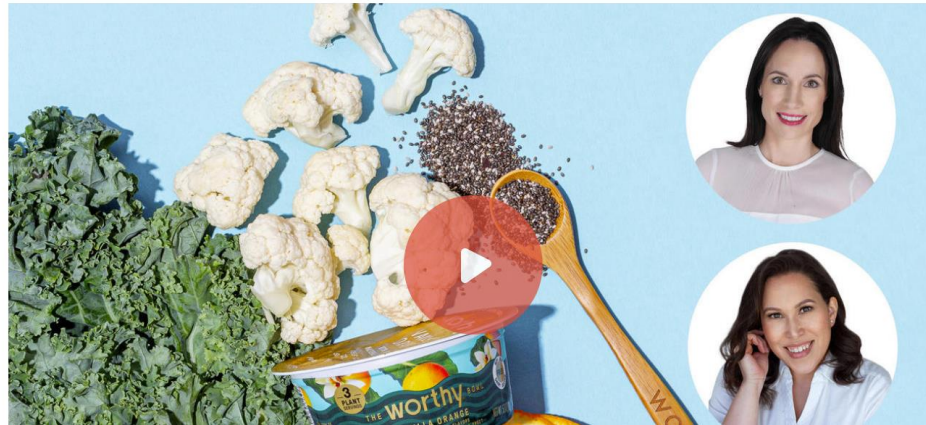
Raise Funding

FAQ

Login

INVEST IN THE WORTHY COMPANY

Reinventing plant based foods by harnessing the power of whole food ingredients.



EARLY BIRD TERMS: \$49,870 LEFT

\$100,130

raised from 41 investors

INVEST
min \$250

\$

INVEST

WATCH FOR UPDATE

Key Cost Items (During)

- Marketing
- Events
- Answering Questions



Key Cost Items (After)

- Success Fee (5-12%)
- Annual Reporting
- Care & Feeding Investors



Key Cost Items (During)

	\$5 Million Raise	\$10,000 Raise
Film	\$10,000	\$0
Accountants	\$30,000	\$0
Set Up	\$2,000	\$0
Marketing	\$50,000	\$0
Success Fee (5%)	\$250,000	\$500
5 Years Reporting	\$25,000	\$1,000
TOTAL	\$367,000	\$1,500
	(7% Raise)	(15% Raise)

The Bottom Line



- Consider Alternative
- Build Your List First
- Raise What You Need
- Consider Multiple Raises



Questions & Discussion



For More Information

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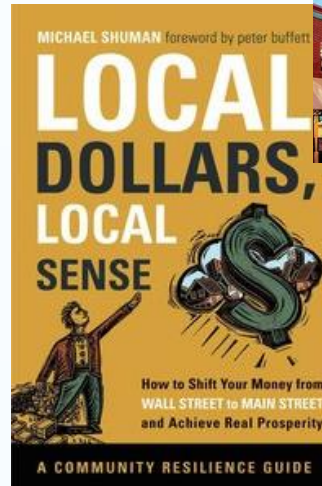
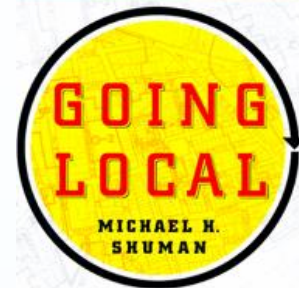
United States

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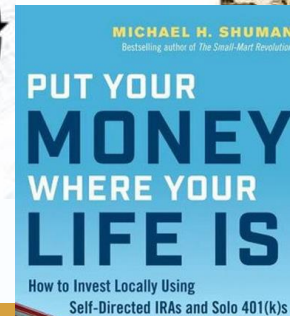
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GROW JOBS AND PROSPERITY

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as if small business mattered*

