

Alaska Angel Conference 2020

- ▶ November 6, 2019
Term Sheets -Kevin Croy, 9Mile
Labs



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How does AAC work?

- Alaska Crowdfunding Act makes equity investing accessible to Alaskans
 - Investors commit \$5,500 to an LLC.
- Entrepreneurs apply to be a part of a 12-week conference.
- Investors learn how to conduct due diligence on applicants.
- LLC makes an equity investment in one startup.



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AAC 2020 Schedule

WORKSHOPS	SELECTION	FINAL EVENT
Oct 9 th – Feb 4 th Wed 5:30- 7:00pm In Person & Online	Oct 9 th – Feb 4 th Wed 5:30- 7:00pm In Person & Online	April 23 rd Invest \$100K+



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Tonight's Talk

- What are term sheets? How are they helpful?
- Cap table
- Standard investment documents
- Generate a term sheet
- Helpful tools
- Type questions into chat & we'll cover them as we go



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Investor / Founder Goals

FOUNDER	INVESTOR
<ul style="list-style-type: none">▪ Growth Capital for Business▪ Maintain control	<ul style="list-style-type: none">▪ Economic upside▪ Minimize risk / downside protection
Clarity	



ACME, Inc Capitalization Table (aka Cap Table)

Owner	Founding	Price	Value	%
	# of Shares			
Sally	1,000	\$ 0.01	\$ 10	50%
Joe	1,000	\$ 0.01	\$ 10	50%
Total	2,000	\$ 0.01	\$ 20	100%

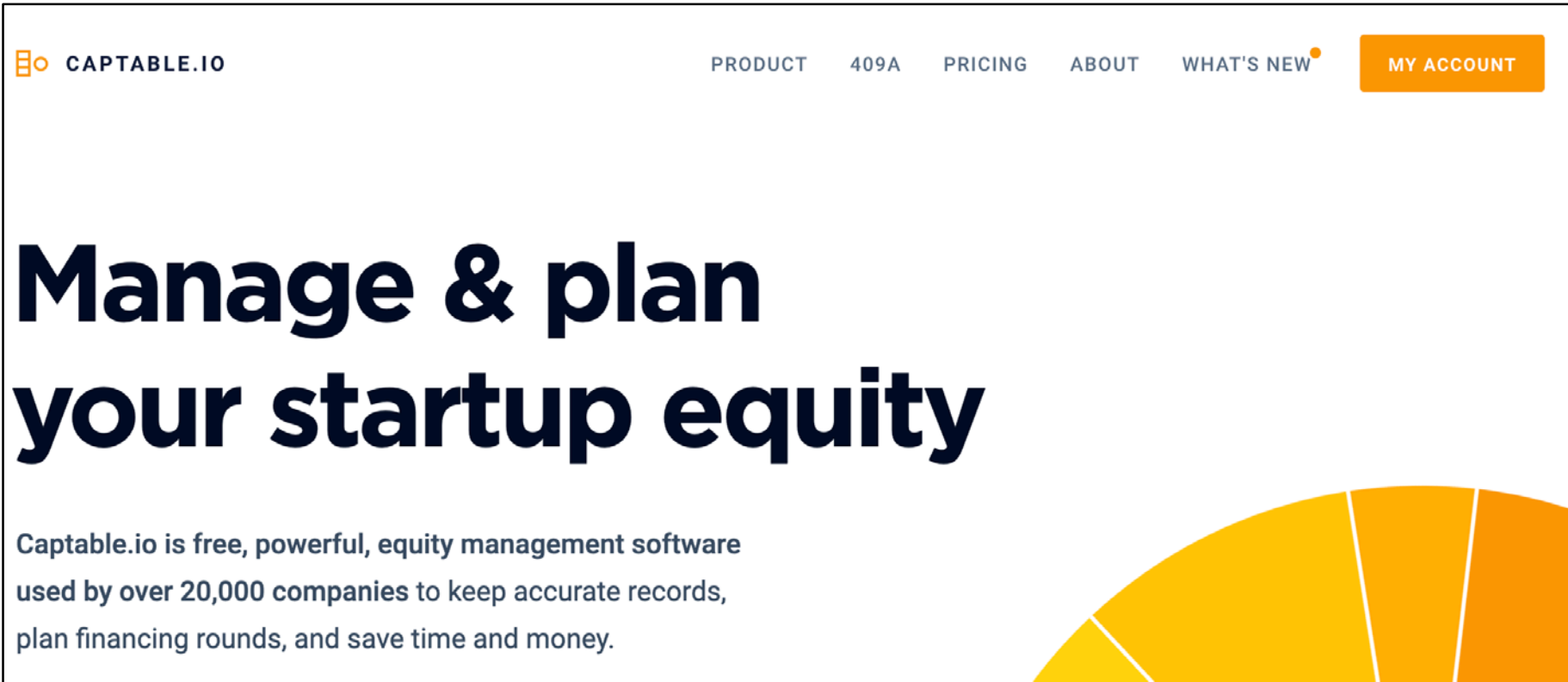


ACME, Inc - Cap Table After Equity Seed Round

Owner	Founding	Seed	Price	Value	%
	# of Shares				
Sally	1,000			\$ 200,000	40%
Joe	1,000			\$ 200,000	40%
Investor #1		500	\$ 200.00	\$ 100,000	20%
Total		2,500	\$ 200.00	\$ 500,000	100%



Captable.io Demo

A screenshot of the Captable.io website homepage. The page features a white background with a blue navigation bar at the top. The navigation bar includes the Captable.io logo, a menu with links for 'PRODUCT', '409A', 'PRICING', 'ABOUT', and 'WHAT'S NEW', and a prominent orange button labeled 'MY ACCOUNT'. The main content area is dominated by a large, bold headline: 'Manage & plan your startup equity'. Below the headline, a sub-headline reads: 'Captable.io is free, powerful, equity management software used by over 20,000 companies to keep accurate records, plan financing rounds, and save time and money.' In the bottom right corner of the screenshot, there is a decorative graphic of a semi-circle divided into four segments of varying shades of orange and yellow.

CAPTABLE.IO PRODUCT 409A PRICING ABOUT WHAT'S NEW **MY ACCOUNT**

Manage & plan your startup equity

Captable.io is free, powerful, equity management software used by over 20,000 companies to keep accurate records, plan financing rounds, and save time and money.



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Standard Investment Docs

- Series Seed Preferred Equity
 - <https://www.seriesseed.com/>
- Ycombinator SAFE
 - <https://www.ycombinator.com/documents/>
- 500 Startups KISS
 - <https://500.co/kiss/>



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Types of Investments

- Equity - Buying shares of stock for a specific price / share
- Debt
 - Bank loans - Requires revenue and growth & personal guarantee
 - Convertible Note - Loan that converts to Stock at a later date
- Hybrids - SAFEs, Revenue Loans, etc



Termsheet

- Defines the investment instrument
- Outlines important deal terms
- Useful for discussing and negotiating a deal
- Usually non-binding
- Require both parties to negotiate in good faith



Term sheet Generator

W&R Wilson Sonsini Goodrich & Rosati
PROFESSIONAL CORPORATION

← Previous → Next 📄 Preview ⚙️ View 🗑️ Save & Close

📘 Please review (you may need to scroll down) and indicate your agreement.

- ✓ TERMS AND CONDITIONS
- ✓ Using This Tool
- ✓ About Convertible Note Financings
- ✓ Consult Your Legal and Tax Advisors
- ✓ What is "Market"?
- ✓ Company Information
- ✓ Offering Size

AGREEMENT

Please indicate your agreement: *

I agree to the Terms and Conditions

TERMS AND CONDITIONS

Please read the following carefully (you may need to scroll down). By using this tool, you agree to the following.

No Attorney-Client Relationship

The WSGR convertible note term sheet generator, including the online questionnaire and annotations (the "TSG"), and the form of summary of terms generated by the TSG (the "Term Sheet"), have been prepared by Wilson Sonsini Goodrich & Rosati for general informational purposes only and do not constitute advertising, a solicitation or legal advice. Neither the availability, operation, transmission, receipt nor use of the TSG or the Term Sheet is intended to create, or constitutes formation of, an attorney-client relationship or any other special



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Helpful Tools

- WSG&R Convertible Note Termsheet Generator
 - <https://bit.ly/2JYApoV>
- [Captable.io](https://www.captable.io) - Free cap table management from Eric Ries
- [Clerky.com](https://www.clerky.com) - \$799 fee
 - Turnkey legal documents (Incorporation, shareholder agreements, investor agreements, employee agreements)



Thank you for joining us!

Join us November 13 at 5:30 PM for “Seeing beyond Startup financials”

Thank you Kevin Croy, 9Mile Labs



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