



Founders First
CDC INNOVATION EMPOWERS SMALL
BUSINESS EXPANSION

Founders First CDC Business Essentials Webinar

How to Be Fundable:
Preparing to Secure Growth Capital

Agenda

- INTRODUCTION & WEBINAR PURPOSE
- INTRODUCTION TO SUBJECT MATTER EXPERTS
- CPA PERSPECTIVE
- BANKING PERSPECTIVE
- ALTERNATIVE FUNDING PERSPECTIVE
- FOUNDER PERSPECTIVE

Speakers



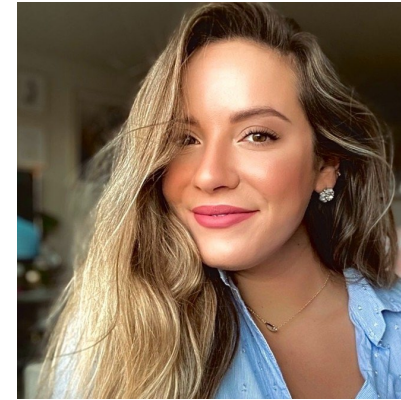
Nicole Kehl

President/Owner
CPA Moms



Braden Hood

Area Manager
JPMorgan Chase



Bella Gangnes

Sr. Director of
Investments
Founders First
Capital Partners



Sara Moll

Founder & CEO
Vin Social

How to Be Fundable: Preparing to Secure Growth Capital

About Founders First CDC

What do we do?

Our mission is to solve racial and socioeconomic gaps by helping companies led by diverse founders, grow and scale. We focus on businesses run by women, minorities, veterans, LGBTQ and those living in low and moderate income areas.

How do we do it?

We provide education and mentorship through our accelerator programs, and Revenue-Based Financing (RBF) to accelerate businesses run by diverse leaders.

Why do we do it?

We focus on these groups because they have been dramatically underrepresented in the ranks of business leadership.

Who do we serve?

B2B diverse founder led companies with annual revenues from \$50K - \$5M.

Overall performance in 2021



39

Accelerator Cohorts
14 Bootcamp
19 Challenge
6 FastPath



453

Companies Served

8/10

Average NPS Rating



2300

Collective Hours Serving Companies
1,600 Coaching
700 Workshop Session



5

Regions (States)



8

Hubs (Cities)

We celebrate inclusive communities, with our programs comprising:

74%

People of Color

11%

Veterans

62%

Low-to-Moderate Income holders

59%

Women



Founders First
CDC INNOVATION EMPOWERS SMALL BUSINESS EXPANSION

CPA Perspective



Nicole Kehl

President/Owner

CPA Moms

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- CPA with 12+ years of accounting experience.
- Has had her own firm for 3 years.
- Finance background with an extensive knowledge in SOP, financial metrics and business compliance.
- US Marine Veteran that is bilingual in Spanish.
- BS in Accounting and Finance from Western Kentucky University.

Be Prepared

- Be compliant
 - Taxes
 - Registrations
 - Legal documents
- Proper accounting
 - Updated financial statements
 - Accurate financial statements
 - 2-3 years of business history
- Add-ons
 - Business Plan
 - Operating & Accounting Policies and Procedures



Financial Statements

- Consistent annual revenue
- Cash flow to make loan payments
- Invested equity
- No outstanding debt to the U.S. government



Bank Perspective



Braden Hood

Area Manager

JPMorgan Chase

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JPMORGAN CHASE & CO.

- Area Manager for Chase in Dallas, TX.
- Over 12 years of experience at Chase and 20 years of experience in financial services.
- My goal is to understand your business in a way that allows Chase to bring unique insights and value to every interaction with your business.
- Degree in Family Financial Planning from Texas Tech University.



BUSINESS STRATEGY FOR CREDIT

- Credit solutions as a tool for managing cash flow
- Cash flow management is key to business success
- Credit options support variety of specific business needs
- Credit as a strategic lever that savvy business owners use to their advantage

INITIAL CREDIT CONSIDERATIONS

ECONOMY

- How is the current economy impacting your business?
- As the economy changes, for better or worse, how is your business impacted and how are you prepared to address it?

OPERATIONS

- What changes have you made to the operating model in the last 12 months? Or plan to make in the next 12 months?

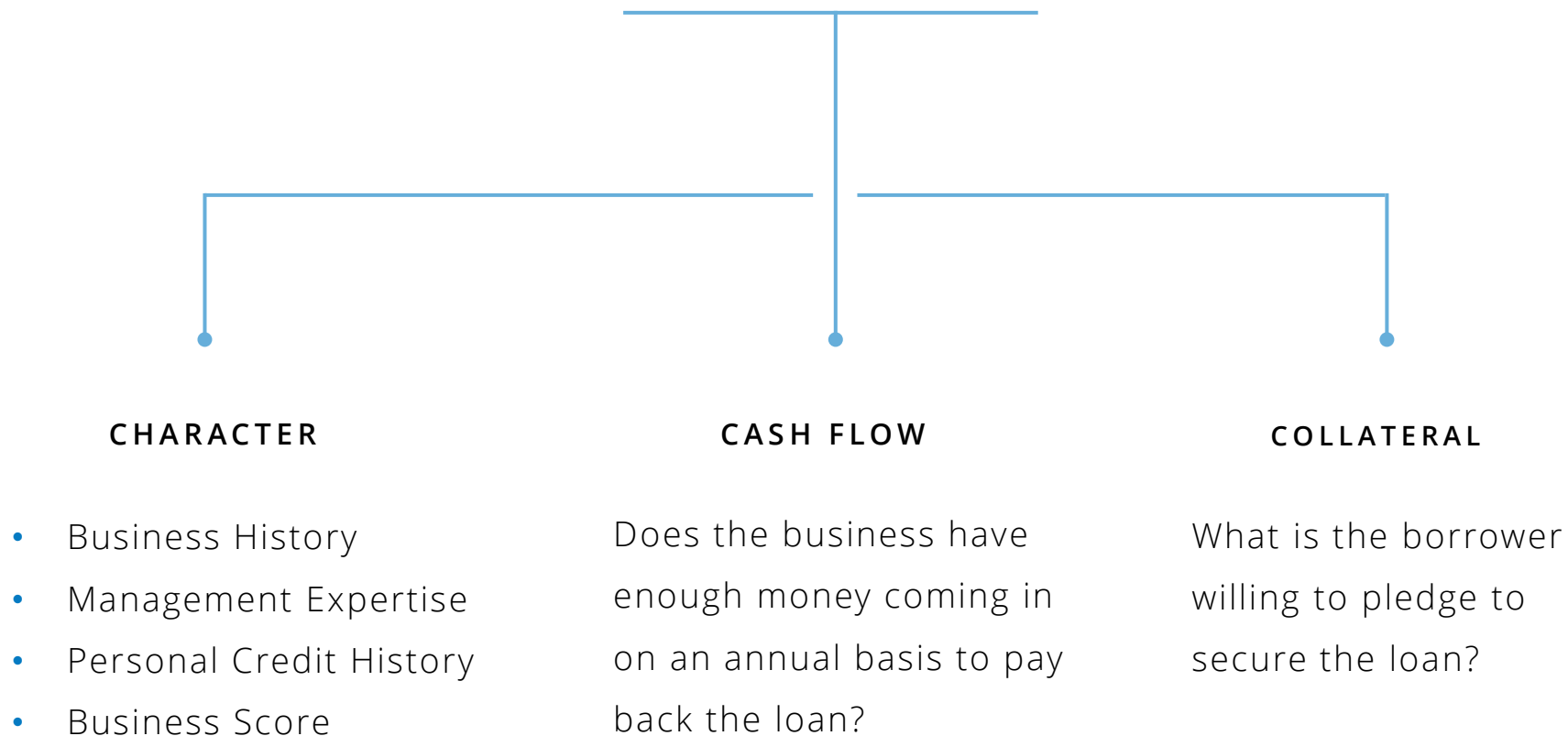
INDUSTRY

- What are the current trends (last 3 years) for the industry that you are in?
- Who are your competitors? Customers? Suppliers?

OWNERSHIP & MANAGEMENT

- What is your competitive advantage?
- Why do your customers do business with you?
- How will you pay us back?
- Why should we lend you money?

THREE Cs OF CREDIT CONSIDERATIONS FOR LENDING DECISIONS



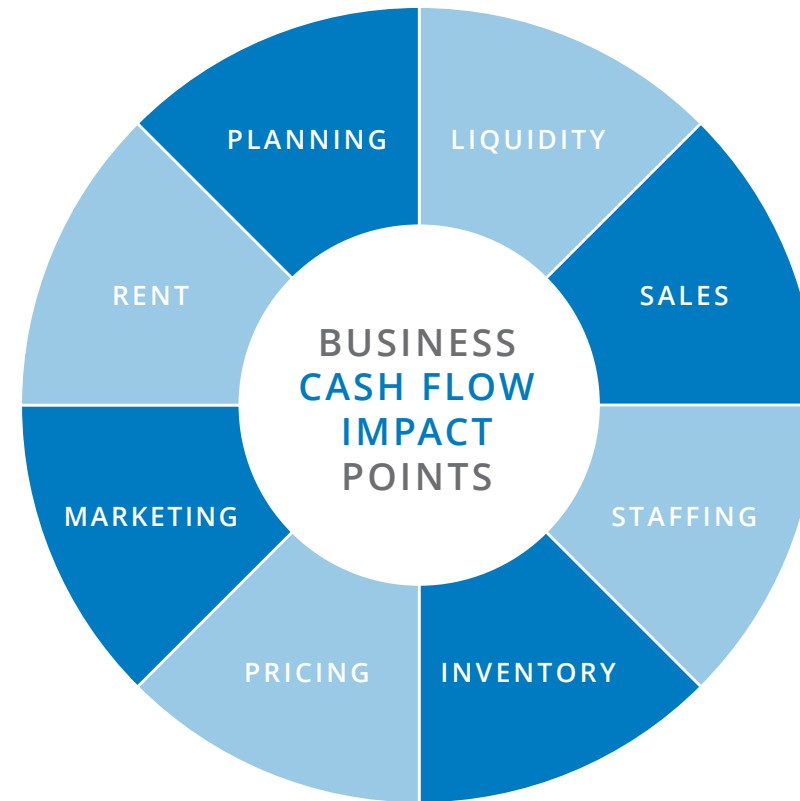
CASH FLOW IS KING

Nothing is more critical to business survival than access to credit and a healthy cash flow.

- Allows business owners to settle debts on time, which allows willingness of:
 - Suppliers to offer credit
 - Landlords to lease work space
 - Employees to work

More businesses fail for lack of cash flow than for lack of profit.

- Poor cash flow management caused 82% of all business failures¹
- Business owners tend to overestimate income and underestimate project expenses



Cash flow does not discriminate and affects every operation within a company regardless of its size.

¹According to a recent survey funded by a leading financial organization.

CREDIT OPTIONS

BUSINESS LINES OF CREDIT

Take advantage of business opportunities as they arise.

- Access your funds to take advantage of trade discounts, build inventory or use for operating capital
- Revolving line of credit—use it when you choose, and only make payments when advances are outstanding
- Get lines of credit ranging from \$10,000 and above

BUSINESS TERM LOANS

Pay off a significant purchase over a longer period of time.

- Choose fixed or variable rates
- Fixed monthly payment options available
- Flexible terms available
- Loans from \$5,000 and above

BUSINESS CREDIT CARDS

- Pay in full or over time
- Your choice of rewards—choose from cash back, travel, gift cards and experiences
- Use online tools to help manage spending, including employee spending

All loans and lines are offered by JPMorgan Chase Bank, N.A. and are subject to credit approval and other eligibility requirements. Credit cards are provided by Chase Bank USA, N.A.

Alternative Capital Perspective



Bella Gangnes

Sr. Director of Investments

Founders First Capital Partners

bgangnes@flstcp.com



- Senior Investment Director that is passionate about working with diverse founders to scale and grow their businesses.
- Leading the Investment Team at Founders First Capital Partners, she specializes in supporting business' growth by utilizing a broad set of impactful strategic and capital resources.
- Formerly a Director at Lighter Capital - an industry leader in the specialty finance space - she believes that increased access to innovative capital sources is a crucial part of this mission.
- Degrees in Political Science and a secondary background in the non-profit sector give her a unique and holistic perspective on economic empowerment and equity within the capital markets.

Founders First is two entities



Founders First CDC Accelerator Program



Accelerating the growth of diverse-led businesses.

Strategic expansion programs, coaching and resources to help your clients grow to \$10M and beyond.

Founders First Capital Partners Revenue-Based Financing



A new way to fund growth.

We help diverse-led companies grow and scale through revenue-based financing.

The New Fundraising Conundrum



New sources of alternative capital filling the funding gap for many small businesses



Banks require collateral small startups can't provide



Merchant financing is very costly



Revenue-based funding provides businesses both fast, non-dilutive capital at moderate cost



Angel investors often cannot provide capital to scale



For Product or CPG companies Crowdfunding provide capital to scale



VC's large investments in core tech and life science at highest cost, that result in a sizable exit

Businesses open to leveraging these various forms of capital can address the issues with delays, dilution and value-added capital support.

Revenue-based Financing | What it is



Founders First
CAPITAL PARTNERS, LLC
FUNDING, STRATEGY AND RESULTS FOR SMBs

- Funding Amounts from \$50K- \$2MM (Companies from \$500K+)
- Similar to a Term Loan format, but instead of a fixed monthly payment, we take a fixed percentage of monthly revenue.
- Terms from 2-5 years
 - No early payoff penalties
 - Continuous access to follow-on fundings
- Obligation ends once repayment cap has been reached.
- No restrictive warrants or covenants.



Blend between bank debt and venture capital



Alignment: If the loan is being paid off at a higher rate than planned, we will re-adjust the interest rate.



No equity dilution. No pledge of personal collateral

RBF | Funding Example



Up to \$2M or up to 30% of annualized revenue run rate

- No set interest rate, payment, or maturity
- Monthly payments are a variable; fixed percent of monthly revenue
- We can come behind an SBA Loan or Bank Loan in the capital stack; refinance less favorable debt

Example Loan

- Annual Revenues: \$1M
- Principal: \$200K
- Term: 3 years
- Payment: 5% payment of monthly revenue
- Repayment: 1.3x principal (\$260K) over 3 years
- No penalty if paid off early



Target Funding Criteria

- Core business operations are US-based
- \$500k+ annual revenue
- 12 months+ time in business
- Predictable or repeatable revenue model
- Scalable margins
- Accurate and complete financial reporting:
 - Historical monthly Income Statements and Balance Sheets
 - Revenue by Customer Report
 - Debt Schedule
 - Projections

Founder Perspective



Sara Moll

Founder & CEO

Vin Social

sara@vinsocial.co

vin social

- Formerly worked in NY Fashion Industry
- Certified Sommelier and other creds in 2014
- Vin Social brand established in 2015
- Vin Social Corporation established 2020
- Supporter of sustainable, diverse-led craft brands
- Mom to Cora

My story

- A COVID-inspired business model pivot
- Explosive growth: 0-\$1M in less than a year
- Expensive MCA loans to fuel growth
- "Friends and family" round via equity crowdfunding
- Months of hard work organizing financials and validation of revenue model
- Revenue-based debt financing with Founders First!!



Seek out pros and plan ahead

- Bring start-up friendly pros in to help you early on
 - Fractional CFO services
 - Fractional bookkeeping/CPA services
 - Advisors
- Be prepared to allocate resources
 - Time AND Money are needed to raise debt and equity investments





Thank you!